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OF THE AIR FORCE**

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**21 OCTOBER 1994**



**AIR FORCE RESERVE COMMAND  
Supplement 1**

**26 April 1996**

**Contracting**

**NONAPPROPRIATED FUND CONTRACTING**

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This manual implements AFRPD 64-3, *The Nonappropriated Fund Contracting System*, and AFI 64-301, *Nonappropriated Fund Contracting*, by providing guidance and procedures for Air Force nonappropriated fund (NAF) contracting. It does not apply to the Army and Air Force Exchange Service (AAFES), Chaplain Funds or Civilian Welfare Funds (including base restaurant funds), although these activities may request NAF contracting support for their NAF requirements. This manual does not apply to the Air National Guard.

Major command (MAJCOM), field operating agency (FOA), and direct reporting unit (DRU) supplements must have prior approval by SAF/AQC through the Air Force Services Agency (HQ AFSVA/SVC), 9504 IH 35 North, Suite 370, San Antonio, TX 78233. Send one printed copy to HQ AFSVA/SVC and one to SAF/AQCO, 1060 Air Force Pentagon, Washington DC 20330-1060.

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**(AFRC)** This supplement implements and extends the guidance of Air Force Manual (AFMAN) 64-302, 21 October 1994. The AFI is printed word-for-word without editorial review. Air Force Reserve supplementary material is indicated by "(AFRC)" in boldface type. This supplement describes Air Force Reserve Command procedures to be used in conjunction with the basic instruction. Upon receipt of this integrated supplement discard the Air Force basic.

## ***SUMMARY OF REVISIONS***

This is the initial issuance of AFMAN 64-302. It replaces AFR 176-9 and adds paragraph **2.1.4.** on Special Morale and Welfare (SM&W) expenditure authority, paragraph **3.9.** on Architect and Engineer (A-E) service contracts, paragraph **5.1.3.11.** to require AFNAFPO to establish dollar limits for indefinite delivery indefinite quantity (IDIQ) A-E service contracts and paragraph **11.1.10.** to cover unpriced purchase orders. AFMAN64-302 changes paragraph **3.7.** to authorize servicing contracting offices (SCO) to purchase the NAF portion of Interior Design projects and paragraph **5.1.3.** to authorize either sealed bidding or negotiation for NAF construction projects.

## **PART 1—NAF RESPONSIBILITIES 8**

### **Chapter 1—NAF REQUIREMENTS 8**

1.1. Waivers to NAF Procedures .....	8
1.2. Use of Government Entity as a Source .....	8
1.3. Contracting Ethics .....	8
1.4. Letters of Appreciation to Commercial Firms .....	8
1.5. Master Library and Distribution of AFNAFPO Contracts, Catalogs and Indexes ....	8
1.6. Mandatory Review Meetings .....	8
1.7. NAF Purchasing Training .....	9
1.8. Fraud, Waste, and Abuse .....	9
1.9. Credit Cards .....	9
1.10. Defense Reutilization and Marketing Service (DRMS) List .....	9
1.11. Using GSA Area Self-Service and Base Local Purchase Stores .....	9

### **Chapter 2—NAF CONTRACTING OFFICER PURCHASING AUTHORITY 10**

2.1. NAF Contracting Officer Delegations .....	10
2.2. Emergency Purchases .....	10
2.3. Alternative Emergency Purchasing Procedures for Aero Club Aircraft and In-Flight Stewards .....	10

### **Chapter 3—PROCEDURES THAT INVOLVE AFNAFPO 12**

3.1. Central Purchasing Requirements .....	12
3.2. AFNAFPO Location .....	12
3.3. Responsibilities Assigned .....	12
3.4. Purchase Assignments to AFNAFPO .....	13
3.5. Purchasing Operations .....	13

**AFMAN64-302\_AFRCSUP1 26 April 1996** **3**

3.6. Commander's Smart Buy Program (CSBP) .....	13
3.7. Contracting Support for Interior Design .....	13
3.8. Purchasing and Delivery Considerations .....	14
3.9. Architect and Engineer (A-E) Services .....	14

**Chapter 4—THE SERVICING CONTRACTING OFFICE** **15**

4.1. SCO Responsibility .....	15
4.2. Surveillance of NAF Contracting .....	15
4.3. Contracting Training .....	15
4.4. Contracting Support .....	15
4.5. Legal Review .....	16
4.6. Special Contract Formats .....	16
4.7. Construction and Architect and Engineer (A-E) Services .....	16
4.8. Indefinite Delivery (ID)-Type Contracts .....	17
4.9. Nonappropriated Fund Purchasing Agreements (NPA) .....	17
4.10. Appropriated Fund Support to Services Activities (RSC: HAF-MPC(Q) 7503) .....	17
4.11. Distributing DD Form 1155, Order for Supplies or Services .....	18
4.12. Repair of Aero Club Aircraft Estimated to Exceed \$2500.00 .....	18
4.13. NAF Purchasing Library .....	18
4.14. Base Contracting Activity Report. RCS: SAF-AQC (M) 7106 .....	18

**Chapter 5—SPECIAL NAF REQUIREMENTS** **19**

5.1. Mandatory FAR References .....	19
5.2. NAF Ratification Rules .....	21
5.3. Contracting Emergency Support Plans .....	22
5.4. Defense Contract Audit Agency (DCAA) Support .....	22
5.5. Purchasing Automated Data Processing (ADP) Resources .....	22
5.6. Insurance Coverage .....	22
5.7. Telecommunications Services and Equipment .....	22
5.8. Design Exclusion Provision .....	23
5.9. Use of GSA Federal Supply Schedules (FSS) .....	23
5.10. Foreign Purchases .....	24
5.11. Contracting for Meat .....	24
5.12. Performance Period for NAF Contracts or Agreements .....	25

5.13. Buying Products and Services of the Blind and Severely Handicapped .....	25
5.14. Buying From Federal Prison Industries Inc .....	25
5.15. Contracting With Appropriated Fund Activities .....	25
5.16. Purchase of Hazardous Materials .....	26
5.17. Credit Card Purchases Within HQ AFSVA Only .....	26
5.18. Solicited Commercial Sponsorship .....	26
5.19. Promotional Activities .....	26
<b>Chapter 6—CONTRACT PROVISIONS</b>	<b>27</b>
6.1. Clauses and Certifications .....	27
6.2. Mandatory Contract Clauses and Provisions .....	27
6.3. Mandatory Clauses for Construction and A-E Contracts Funded With NAF .....	31
6.4. Certifications for Contracts or Purchase Orders .....	31
<b>PART 2—OPERATIONAL PURCHASING PROCEDURES</b>	<b>33</b>
<b>Chapter 7—REQUEST FOR PURCHASE (PR)</b>	<b>33</b>
7.1. PR Guidance .....	33
7.2. Authorized PR Forms .....	33
7.3. Numbering Request for Purchase (PR), Purchase Orders (PO), and Delivery Orders (DO) .....	33
7.4. Assigning Stock Numbers .....	34
7.5. Preparation and Approvals .....	34
7.6. Justification for Purchases of Sole Source or Brand Name Requirements .....	34
7.7. Signatory Authority .....	35
7.8. Distributing Requests for Purchase .....	35
7.9. Purchasing Lead-Time .....	35
7.10. Referral of Requests for Purchase .....	35
7.11. Authorization for Additional Funds .....	35
7.12. Identification of Initiating Office .....	36
7.13. Followup on PRs .....	36
<b>Chapter 8—COMPETITION AND DOCUMENTING REASONABLENESS OF PRICE</b>	<b>37</b>
8.1. General .....	37
8.2. Competition Requirements .....	37

<b>AFMAN64-302_AFRCSUP1 26 April 1996</b>	<b>5</b>
8.3. Documenting Reasonableness of Price .....	38
Figure 8.1. Price Analysis Decision Logic Chart .....	39
<b>Chapter 9—SOLICITATIONS AND ABSTRACTS</b>	<b>40</b>
9.1. General .....	40
9.2. NAF Contracting Forms .....	40
9.3. Abstract Used To Record Quotes .....	41
9.4. Solicitations for Information or Planning Purposes .....	41
<b>Chapter 10—NEGOTIATIONS AND AWARD</b>	<b>42</b>
10.1. General .....	42
10.2. Definitions .....	42
10.3. Solicitations .....	42
10.4. Change in NAFI Requirements .....	43
10.5. Receipt of Quotations and Proposals .....	43
10.6. Opening of Quotes and Proposals .....	44
10.7. Price Negotiation Memorandum (PNM) .....	44
10.8. Quotation or Proposal Evaluation .....	44
10.9. Negotiation (Written or Oral Discussion) .....	45
10.10. Equal Low Quotes or Proposals .....	46
10.11. Shipment Delivery Terms .....	46
10.12. Numbering Contracts .....	47
<b>Chapter 11—PURCHASE AND DELIVERY ORDERS AND BLANKET DELIVERY ORDERS</b>	<b>48</b>
11.1. Purchase Orders .....	48
11.2. Delivery Orders .....	49
11.3. Blanket Delivery Orders .....	50
11.4. Claims on NAF Contracts and Funding .....	50
11.5. Proof-of-Shipment Procedure (Overseas Only) .....	51
<b>Chapter 12—NAF BLANKET PURCHASE AGREEMENTS (BPA)</b>	<b>52</b>
12.1. General .....	52
12.2. Forms, Clauses and Numbering BPAs .....	52
12.3. Review Procedures .....	53

12.4. Call Limitations for Prepriced and Unpriced Blanket Purchase Agreements (BPA)	53
12.5. Prepriced BPAs .....	53
12.6. Unpriced BPAs .....	53
12.7. Documenting Calls .....	54
12.8. Administration of BPA Calls .....	54
12.9. Terms and Conditions for BPAs .....	54

## **Chapter 13—SPECIAL TYPE CONTRACTS AND AGREEMENTS 57**

13.1. Contracting for Entertainment .....	57
13.2. Aircraft Lease Agreement Format .....	58
13.3. Flight and Ground Instructors Contract Format .....	58
13.4. Individual Service Contract (ISC) Format .....	59
13.5. Nonpersonal Services .....	60
13.6. Consignment Contract Format .....	60
13.7. Charter Flight and Tour Desk Concessionaire Contract Format .....	60
13.8. Ticket Consignment Agreement .....	60
13.9. Credit Card Contract .....	60
13.10. Merchant Agreement .....	61
13.11. Concessionaire Contract Format .....	61
13.12. Contracting for Construction Services .....	61
13.13. Contracting for Training and Education .....	62
13.14. Purchase of Advertising .....	62

## **Chapter 14—CONTRACT ADMINISTRATION 63**

14.1. Introduction .....	63
14.2. Receipt of Orders or Contracts .....	63
14.3. Followup On Orders .....	63
14.4. Contract Administration of Orders Issued by AFNAFPO .....	64
14.5. Inspection, Acceptance, and Receiving Reports .....	64
14.6. Termination of Contracts and Orders .....	65
14.7. Correction of Administrative Errors on Purchase Documents \$25,000 or Less .....	65
14.8. Modification Procedures .....	66
14.9. Filing Claims .....	66
14.10. Warranties(Guarantees) .....	67

<b>AFMAN64-302_AFRCSUP1 26 April 1996</b>	<b>7</b>
14.11. Terms of Payments .....	67
14.12. Forms Prescribed .....	67
<b>Attachment 1—GLOSSARY OF aBBREVIATIONS, ACRONYMS, AND TERMS</b>	<b>68</b>
<b>Attachment 2—FORMS USED FOR NAF PURCHASING</b>	<b>74</b>
<b>Attachment 3—PRIVACY ACT STATEMENT</b>	<b>76</b>
<b>Attachment 4—FILING CLAIMS FOR LOSS OF OR DAMAGE TO IN TRANSIT NAF PROPERTY</b>	<b>77</b>
<b>Attachment 5—ENTERTAINMENT CONTRACT FORMAT</b>	<b>81</b>
<b>Attachment 6—AIRCRAFT LEASE AGREEMENT FORMAT</b>	<b>87</b>
<b>Attachment 7—FLIGHT AND GROUND INSTRUCTORS CONTRACT FORMAT</b>	<b>97</b>
<b>Attachment 8—INDIVIDUAL SERVICE CONTRACT FORMAT</b>	<b>104</b>
<b>Attachment 9—CONSIGNMENT CONTRACT FORMAT</b>	<b>111</b>
<b>Attachment 10—CHARTER FLIGHT AND TOUR DESK CONCESSIONAIRE CONTRACT FORMAT</b>	<b>116</b>
<b>Attachment 11—TICKET CONSIGNMENT AGREEMENT</b>	<b>123</b>
<b>Attachment 12—CREDIT CARD CONTRACT FORMAT</b>	<b>125</b>
<b>Attachment 13—CONCESSIONAIRE CONTRACT FORMAT</b>	<b>129</b>
<b>Attachment 14—INTERIOR DESIGN CONTRACT FORMAT</b>	<b>136</b>
<b>Attachment 15—AMUSEMENT, MUSIC OR VENDING MACHINE CONCESSIONAIRE</b>	<b>141</b>
<b>Attachment 16—CONTRACT CLAUSES</b>	<b>151</b>
<b>Attachment 17—NAF CONTRACTING OFFICER TRAINING AND AUTHORITY</b>	<b>163</b>
<b>Attachment 18—TWENTY COMMON LAW FACTORS IN INDIVIDUAL SERVICE CONTRACTS</b>	<b>167</b>

## PART 1

### NAF RESPONSIBILITIES

#### Chapter 1

### NAF REQUIREMENTS

**1.1. Waivers to NAF Procedures:** Procedures in this manual are mandatory unless stated otherwise. Process waiver requests through command channels to Air Force Nonappropriated Fund Purchasing Office (AFNAFPO) for submittal to SAF/AQCO.

**1.2. Use of Government Entity as a Source.** Government entities such as the commissary and exchange are not commercial open market sources. Competition is not necessary, but may be obtained when determined to be in the best interest of the NAFI.

**1.3. Contracting Ethics.** The ethics standards in AFI 64-301, *Nonappropriated Fund Contracting*, govern the behavior of Air Force personnel involved in NAF contracting in areas such as accepting gifts, maintaining conflicting financial interests, impartiality in performing official duties, seeking other employment, misusing one's position and involvement in certain other outside activities that involve potential or present contractors. These standards of ethical conduct imposed upon Air Force personnel also apply to activities that involve their families and household members. NAF personnel must periodically review these standards, and address any questions or concerns about these standards to their Staff Judge Advocate. Violations of these standards can subject military members to *Uniform Code of Military Justice (UCMJ)* action and civilian employees may be subject to criminal prosecution, disciplinary action, or both. Prohibited conduct includes but is not limited to: soliciting, discussing or accepting future employment with a competing contractor; or soliciting or accepting money or other gratuity from a competing contractor. Violations of these provisions may subject Air Force personnel to criminal prosecution.

**1.4. Letters of Appreciation to Commercial Firms.** Do not send formal or informal letters of appreciation to contractors. A job well done and timely payments show the success of the contract.

**1.5. Master Library and Distribution of AFNAFPO Contracts, Catalogs and Indexes.** The Nonappropriated Fund Resource Management Section (NAFRMS) keeps a master library of current AFNAFPO contracts, indexes and catalogs. Destroy terminated or outdated contracts and catalogs since the AFNAFPO keeps an official file for retirement.

**1.6. Mandatory Review Meetings.** The Services (SV) squadron commander or designee, together with the SCO, and NAF contracting officer, will hold periodic meetings of key Nonappropriated Fund Instrumentality (NAFI) operating personnel to identify ways and means of improving NAF contracting procedures. The SV squadron commander or designee presides over the meeting and chooses a person to record minutes. Send minutes of the meeting to each attendee with an information copy to the commander (or commanders) in charge of contracting and the chief of services.



**1.6. (AFRC)** The periodic review meetings are not mandatory, but may be held at the request of the Services (SV) squadron commander, the SCO or the NAF contracting officer.

**1.7. NAF Purchasing Training.** When persons outside the SV squadron will perform purchasing duties, the SV squadron commander will schedule them to receive NAF purchasing training and will assign personnel to perform this training. Resource Management Flight (RMF) personnel receive formal training from AFNAFPO. As a minimum, the training will cover small purchase policies and procedures, standards of conduct and other subjects that will help improve NAF purchasing. The Resources Management Flight Chief (RMFC) will keep records of such training. The RMFC periodically checks NAF activities to ensure purchases are being made properly. SV may request the SCO to provide training on NAF contracts.

**1.8. Fraud, Waste, and Abuse.** SV shall keep a current copy of this manual and the following publications on file. SV will provide periodic briefings to NAF purchasing personnel located in and outside the SV. Briefings shall include:

- DoD Regulation 5500.7-R, *Joint Ethics Regulation* (JER), August 1993, and DoD Directive 5500.7, 30 August 1993
- AFI 91-201/202 *Air Force Fraud, Waste, and Abuse Prevention, Detection, and Remedies*.

**1.9. Credit Cards.** NAFIs use a base charge card for any NAF-owned vehicle. (See AFI 65-106, *Appropriated Fund Support of Morale, Welfare, and Recreation Programs and Nonappropriated Fund Instrumentalities*, for reimbursement requirements.) GSA Credit Card. The NAF contracting officer contacts the installation fuels officer to apply for this charge card. It can be used to buy fuel at stations over 50 miles from the base. Obtain and use commercial credit cards for petty cash purchases in accordance with AFI 34-202, *Protection of Assets*. The designated custodian will keep the cards and control and monitor their use.

**1.10. Defense Reutilization and Marketing Service (DRMS) List.** To obtain used or surplus items or equipment, the RMFC contacts the Chief of Supply to have his or her name and specified agents placed on the access list for the Defense Reutilization and Marketing Office (DRMO). This access list lets the RMFC and agents visit the DRMO to see item listings and look at the items. (See AFI 34-204 *Services Logistics Support Program*.)

**1.11. Using GSA Area Self-Service and Base Local Purchase Stores.** NAFIs may use these stores for expendable supplies as authorized in AFI 65-106, attachment 2.

## Chapter 2

### NAF CONTRACTING OFFICER PURCHASING AUTHORITY

**2.1. NAF Contracting Officer Delegations.** NAF contracting officers delegate, as needed, authority to managers in other divisions, branches, sections, staff agencies, or personnel within the NAFRMS to write delivery orders against existing contracts, to place calls against blanket purchase agreements (BPA), and to write entertainment contracts without power of redelegation. Commander's concurrence is required for persons who receive goods or make physical inventories. A contracting officer signs the delegation, which will specify limits of authority and tenure. Delegations can be withdrawn at the contracting officer's or the commander's discretion. Only a contracting officer can enter a contract that obligates a NAFI to pay for goods or services.

**2.1.1. NAF Contracting Officer Training Requirements.** Training requirements are listed in [Attachment 17, Section A17A](#).

**2.1.2. Limitations on NAF Contracting Officer Contracting Authority.** Dollar limitations on a NAFI contracting officer delegation are based on the total order value. For a concessionaire contract, the gross revenue estimated to be generated is the dollar value of the contract. When issuing orders, NAFI contracting officers will not split requirements to circumvent the dollar limitations. Transportation, postage, and insurance charges are not considered in computing the total cost of an order. List such charges separately on the order.

2.1.2.1. Contracting authority is listed in [Attachment 17, Section A17B](#).

2.1.3. Controlled medical substances are purchased for the base veterinarian only when the veterinarian has a Drug Enforcement Agency (DEA) number. If the veterinarian does not have a DEA number he or she orders controlled medical substances from base medical supply, which are reimbursed with NAF. Noncontrolled items are requisitioned from base medical supply and reimbursed with NAF or purchased from the open market in accordance with the above delegated NAF contracting authority.

2.1.4. Personnel are not required to obtain a contracting officer warrant to make SM&W purchases under the commander's SM&W expenditure authority, petty cash purchases, or purchases from other NAFIs.

**2.2. Emergency Purchases.** If an emergency purchase arises that exceeds the authority of the NAF contracting officer or designee, contact the SCO for an emergency buy. After normal duty hours, including weekends, the NAF contracting officer or his or her agent contacts the staff duty officer or equivalent to get a list of key contracting personnel on call for emergency needs expected to be over the contracting limitations in [Attachment 17](#). The activity manager fully documents emergency buys and notifies the fund custodian on the first workday after the emergency.

**2.3. Alternative Emergency Purchasing Procedures for Aero Club Aircraft and In-Flight Stewards.** From time to time an aero club aircraft needs minor repair service and replacement parts on a cross-country flight. AF Form 2209, **Nonappropriated Fund Order for Supplies**, can be used to buy repair under these conditions. The NAF contracting officer will complete items 1 (purchase/delivery order number); 5 (issued by); 12 (invoice to), and 13 (purchase order or delivery order block), places an "X" in the item for purchase order, and sign at item 23. Put this form in a kit for flights scheduled to go

cross-country. If repairs are needed, the pilot fills in items 3 (date); 7 (delivery terms); 8 (contractor name); 9 (ship date); 10 (discount terms); 11 (ship to); 14 (item number); 15 (description); 16 (quantity); 17 (unit); 18 (unit price); and 19 (amount), then gives the original copy to the contractor. The pilot obtains an invoice for work completed, signs and dates the receiving copy of AF Form 2209 and returns documents to home activity for payment. Use the same alternative procedures for emergency support to in-flight stewards.

## Chapter 3

### PROCEDURES THAT INVOLVE AFNAFPO

#### 3.1. Central Purchasing Requirements:

##### 3.1.1. Follow these procedures:

3.1.1.1. Bases will obtain requirements for all items available under AFNAFPO Essential Products Program (EPP) contracts from those contracts except for emergency purchases when the EPP contractor cannot meet the required delivery schedule.

3.1.1.2. Bases will obtain requirements for all non-EPP items available under AFNAFPO Nonappropriated Fund Purchasing Agreements (NPA) by using those NPAs except for (1) emergency purchases when NPA contractors cannot meet the required delivery schedule or (2) purchases at prices lower than those available under the NPAs.

3.1.1.3. Bases will check pricing for all resale items which have estimated annual requirements of \$25,000 or more and which are not available under the AFNAFPO contracts addressed in [3.1.1.1.](#) and [3.1.1.2.](#) with AFNAFPO prior to purchase. If an AFNAFPO source provides better pricing, local purchase will be made from that source.

3.1.1.4. Bases will check pricing for all other items where the aggregate order cost is \$10,000 or more with AFNAFPO before purchase. If an AFNAFPO source provides better pricing, purchase from that source by the appropriate procurement authority.

3.1.2. The procedures above do not apply to the purchase of services ([Chapter 13](#)) or subsistence items.

3.1.3. Justify emergency or lower-price purchases in the contract file. Failure to adequately plan requirements does not justify an emergency purchase.

**3.2. AFNAFPO Location.** AFNAFPO is a directorate of the HQ US Air Force Services Agency (AFSVA) Randolph AFB TX, which is set up under HQ AF/SV as a FOA. AFNAFPO performs functions delegated to it by the Deputy Assistant Secretary (Contracting), SAF/AQC.

**3.3. Responsibilities Assigned.** The AFNAFPO (HQ AFSVA/SVC) is responsible for:

- Formulating Air Force NAF contracting procedures for NAFIs.
- Managing the Commander's Smart Buy Program. (CSBP)
- Purchasing assigned Air Force Morale, Welfare, and Recreation Advisory Board (AFMWRAB) requirements.
- Providing NAF contracting training and issuing NAF contracting warrants.
- Representing the Air Force on the DoD MWRS Subcommittee for NAF Contracting. (See DoD Instruction 4105.67, *Nonappropriated Fund Procurement Policy*, October 2, 1981.)

**3.4. Purchase Assignments to AFNAFPO.** The following items are assigned exclusively to the AFNAFPO for purchase with NAF funds:

- ADP hardware and software with NAFs in accordance with AFSVA policy and MAJCOM policies and procedures. (Waivers are not considered or authorized.)
- Slot Machines (regardless of dollar amount).
- New and used aircraft and aircraft engines, aircraft salvage, new avionics, and trade-ins of aircraft and aircraft engines.
- Interior design projects (regardless of dollar amount).
- Essential Product Program Purchasing. (EPP)

**3.5. Purchasing Operations.** Individual Support. AFNAFPO provides direct purchasing support by purchasing supply support items for individual SV activities from prime sources. By aggregating the volume of many installations, additional savings can be realized.

**3.6. Commander's Smart Buy Program (CSBP).** The CSBP is a cooperative purchasing program between installation level NAF activities and the AFNAFPO. The program assists all commanders, regardless of service component, to acquire quality products at favorable prices.

**3.6.1. Purpose and Application of CSBP:**

3.6.1.1. The CSBP stresses purchasing selected categories of equipment and supplies directly from the prime source when possible.

3.6.1.2. The CSBP does not apply to purchase transactions between NAFIs.

3.6.1.3. The SCO buys CSBP items (including used and reconditioned items and those involving trade-ins) which are estimated to exceed the NAF contracting officer's open market contracting authority.

3.6.1.4. The NAF contracting officer issues delivery orders (without limitation) for CSBP items against GSA FSSs and Air Force NPAs.

**3.6.2. Essential Products Program (EPP).** The EPP is for common-need products required by different SV activities such as clubs, bowling centers, golf courses, etc. EPP contracts are centralized; if an item is on an EPP contract, any purchase of that item must be from that contract.

**3.7. Contracting Support for Interior Design:**

3.7.1. The AFNAFPO purchases interior design projects funded with NAFs. Requirements for furniture and furnishings require approval by the MAJCOM interior design staff, base level interior designer, or point of contact for the interior design program. Before submitting the purchase request to AFNAFPO, coordinate interior design requirements through the MAJCOM design staff. Commands without MAJCOM design staffs have their requirements reviewed by the AFNAFPO. If a project has a combination of APFs and NAFs, and SV determines that it is necessary to maintain design integrity, the SCO will purchase the NAF portion of the project as well as the AFP portion.

3.7.2. Submit interior design projects to the AFNAFPO for purchase in their entirety. The base submits purchase requests for interior design projects, with design specifications attached, to the AFNAFPO. The purchase request is signed and dated by the person who can authorize the project,

and lists the line items, the total amount of funds, and the required delivery date. The MAJCOM interior design staff, base level interior designer, or point of contact for the interior design program must sign any brand name or sole source justification and forward it to the AFNAFPO with the purchase request for approval.

3.7.3. Purchase single line item requirements, not included in an interior design project, at base level if the recommended source is under an Air Force Nonappropriated Fund Purchasing Agreement (NPA) or a General Services Administration (GSA) FSS contract. Submit open market purchases of interior design items to the AFNAFPO or the local SCO when the dollar amount exceeds local authority.

3.7.4. If a selected item is discontinued, the AFNAFPO will coordinate with the base or MAJCOM design staff.. If a timely reselection cannot be made the PR is returned to the NAFRMS by the AFNAFPO. The NAFRMS may resubmit the requirements at a later date when the reselection is made.

### **3.8. Purchasing and Delivery Considerations:**

**3.8.1. Purchasing and Delivery Lead-Time.** Activity managers will plan far enough in advance to allow adequate purchasing and delivery lead time. Provide a realistic delivery date in the "Not Later Than" block of AF Form 9, taking into consideration mailing time, the time needed by the purchasing office to buy the CSBP items, and delivery time to the base. Bases located outside the CONUS add 30 days for shipment via the Defense Transportation System (DTS) from Port of Embarkation ( POE) to Port of Debarkation ( POD) and from POD to final destination. CSBP items needed within 30 calendar days (CONUS) and 60 calendar days (overseas), which exceed the NAF contracting officer's authority, are deemed emergency buys and sent to the SCO or AFNAFPO for purchase. Describe the emergency or critical nature of the need in the purchase request. AF Form 9s with emergency needs can also be sent to the AFNAFPO for purchase by FAX or message, but do not send a confirming AF Form 9. Include a brief justification for expediting the purchase.

**3.8.2. Carpet Certification.** Carpet selected for indoor use requires flammability certification prior to purchase. Indoor carpet requirements included in an interior design project are purchased by the AFNAFPO. Any single carpet requirement excluded from an interior design project, when the source is under contract (NPA or GSA), may be purchased directly. Send open market carpet requirements to the AFNAFPO when the dollar amount exceeds local authority.

**3.8.3. CSBP Selected Categories of Supplies.** Open market requirements can be sent to the AFNAFPO for purchase action to obtain advantageous pricing by central purchasing. Other supply requirements may be sent to the AFNAFPO for purchase. Purchase requests for CSBP items are sent directly from the SV (or by a NAFI activity not serviced from a MWF) to the AFNAFPO. CSBP items which are part of an interior design project (regardless of the dollar amount), are purchased by the AFNAFPO as part of the project and are not purchased separately at installation level.

**3.9. Architect and Engineer (A-E) Services.** AFNAFPO writes A-E service contracts for HQ AFSVA requirements.

## Chapter 4

### THE SERVICING CONTRACTING OFFICE

**4.1. SCO Responsibility.** The SCO works directly with contracting officials in the NAFRMS and activity managers to make sure that an effective NAF contracting program is carried out. The SCO provides contracting support and technical buying assistance to SV upon request.

#### **4.2. Surveillance of NAF Contracting:**

**4.2. (AFRC)** No surveillance of HQ AFRC/SV is required. The SCO at AFRC bases/stations performs annual surveillance.

4.2.1. The SCO (not below Assistant Flight/Branch Chief level) conducts an annual oversight visit jointly with a designated representative of NAF. SAF/AQC has issued guidance to assist personnel in conducting the oversight visit. The SCO prepares two reports after conclusion of the visit. One report covers significant (major areas) findings and goes to the support group commander, the SV Squadron Commander, and AFNAFPO. The SV Squadron Commander will reply to the report and forward copies of the reply to the SCO and AFNAFPO. The other report covers minor findings and goes to the NAFRMS for corrective action; no reply is required for this report. Validate all findings with a specific reference to this instruction, including any *Federal Acquisition Regulation* (FAR) provision listed in [Chapter 6](#).

4.2.2. The SCO performs an out briefing to the SV squadron commander and NAFRMS after completion of the visit.

**4.3. Contracting Training.** When requested by SV, the SCO provides NAF contracting training to the NAF contracting officer and his or her agents in the NAFRMS. The SCO provides training to SV personnel located at isolated sites which obtain support from the base. The training, as a minimum, covers small purchase procedures, use of GSA FSSs, DLA SBs, AF NPAs, FAR provisions and general guidance in paragraphs [5.1](#). and [6.1](#)., and problem areas identified during oversight visits. Training about the FAR is restricted to those parts and subparts which apply to NAF contracts.

#### **4.4. Contracting Support:**

4.4.1. The SCO purchases NAF needs other than those specifically assigned to the AFNAFPO (see [Chapter 3](#)) or to a local NAF contracting officer. (See [Chapter 2](#).) NAF purchases receive the same priority as appropriated fund buys. The SCO is authorized to write contracts funded in whole or in part with NAFs.

4.4.2. The SCO also is responsible for:

- Purchasing items that are used, reconditioned, or traded-in that exceed NAF contracting officer purchasing authority, other than aircraft and aircraft engines.
- Purchase of entertainment overseas when requested by SV .
- Purchase of GSA FSS items not purchased by the NAF Contracting Officer or AFNAFPO.
- Interior Design projects that are funded with a combination of APFs and NAFs when it is determined by SV that it is necessary to maintain design integrity.

**4.5. Legal Review.** Legal review is required at the same dollar thresholds set up by the MAJCOM for appropriated fund contracts, unless otherwise required by this manual for specific contracts.

**4.6. Special Contract Formats.** Use an alterations clause to make changes or to add clauses to the general provisions. If the special contract format adequately covers a general provision, delete the clause from the general provisions.

**4.6.1. Interior Design Contracts.** Use the special contract format in [Attachment 14](#) as well as the basic policies in AFI 34-105. Negotiate interior design contracts in the same manner as A-E contracts.

**4.6.2. Entertainment Contracts.** Use the special contract format in [Attachment 5](#) to negotiate an entertainment contract. You can use basic ordering agreements (BOA) to price entertainment units, with decentralized ordering by NAFIs. (See paragraph [13.1.](#))

**4.6.3. Concessionaire Contracts for Services.** The SCO negotiates concessionaire contracts for services that exceed the authority of the NAF contracting officer. Use the *Amusement, Music, or Vending Machine Concessionaire Contract* format to negotiate concessionaire contracts for services. See "United States" under terms in [Attachment 1](#). **NOTE:** AFI 34-206, *Vending Facility Program for the Blind on Air Force Property*, applies to all vending operations in the 50 States, the District of Columbia, Puerto Rico, American Samoa, Guam, and the Virgin Islands.

**4.7. Construction and Architect and Engineer (A-E) Services.** The SCO buys all NAF construction services which exceed the amount delegated to the NAF contracting officer (see [Chapter 2](#)), and all A-E services except those purchased by AFNAFPO in accordance with paragraph [3.9](#). Specific policies and procedures for buying these services, funded in part or in whole with NAFs, are:

4.7.1. Use the instructions below to write construction and A-E contracts funded with both appropriated and NAFs:

- **Mixed Funding.** Contracts can cite both appropriated and NAFs. Write these contracts in the same way as appropriated fund contracts, with all appropriated fund requirements. (See AFI 32-1022.)
- **Funding Procedures.** For mixed funded contracts, identify the Accounting and Finance Office (AFO) as the paying office for the appropriated fund portion of the contract, and the Accounting Office (AO) as the paying office for that portion funded by NAF. Do not identify the Accounting and Finance Office (AFO) or the Accounting Office (AO) as the single paying office for both portions of the contract, with one to be reimbursed by the other.

4.7.2. Use the instructions below for construction and A-E contracts funded in whole with NAFs:

- **FAR Compliance.** Use FAR policy and procedures as required. (See paragraph [5.1.](#)).
- **Documentation.** The procedures are the same as those under [4.7.1.](#), bullet 2, except that no documents are given to the AFO.
- **Disbursement of NAFs.** The AO designated in the contract will receive invoices and make payments. Payments are not made to the contractor until proper documents are received from the contracting officer. The AO sends copies of paid vouchers to the contracting officer.

4.7.3. Use the mandatory clauses in [Chapter 6](#) in construction and A-E contracts funded in whole with NAFs.



4.7.4. Additional A-E contract instructions:

- Comply with A-E selection procedures.( See AFI 32-1023, *Design and Construction Standards 7 Execution of Facility Construction Projects*, Chapter 3 and FAR part 36.6, DFARS 36.6, and AFFARS 5336.6.)
- Proof of passage of the annual appropriations act is not needed for A-E services totally funded with NAFs.
- The statutory limitations on A-E fees as cited in 10 U.S.C. 9540 apply to NAF-funded requirements.

**4.8. Indefinite Delivery (ID)-Type Contracts:**

4.8.1. NAFI activities place orders against appropriated fund ID-type contracts, such as laundry and dry cleaning, office machine maintenance, hood and duct cleaning, and subsistence only when authorized by the terms and conditions of the contract. The SCO consults with SV before issuing the ID-type solicitation to determine if NAF activities should be authorized users of the resultant contract. If the NAF activities provide their expected needs to the servicing contracting office, and if it is a requirements-type contract, the activity will use the resulting contract to fill those needs.

4.8.2. Appropriated fund solicitations and contracts that authorize NAF orders to be placed by NAF activities must provide that:

- The contractor agrees to furnish the NAF activities any items of supply or service listed in the schedule of the contract which such NAF activity may order, in accordance with price and delivery terms in the schedule. The other terms of the contract do not apply to NAF activities or orders placed by them. The provisions of AF Forms 2209 or 2209-1, and 2210, used to place an order against the contract govern in all other respects.
- NAF orders placed by NAF activities do not become obligations against appropriated funds of the United States Government.
- The use of the contract by NAF activities to fulfill requirements for the supplies and services listed in the schedule is optional, unless their estimated requirements were included in the schedule of supplies or services.

**4.9. Nonappropriated Fund Purchasing Agreements (NPA). Use NPAs as follows:**

**4.9.1. Nonappropriated Fund Purchases.** Write delivery orders against NPAs without dollar limitation. Reasonableness of price determination is not required since the contracting officer who negotiated the NPA has already determined that the price is fair and reasonable. Further competition is not required. However, the contracting officer may compete any requirement when it is in the best interest of the NAFI.

**4.9.2. Appropriated Fund Purchases.** Appropriated fund delivery orders cannot be issued against NPAs. The contracting officer may use the NPA as a source when obtaining quotations and if the NPA price is the best price, write a purchase order to the NPA contractor.

**4.10. Appropriated Fund Support to Services Activities (RSC: HAF-MPC(Q) 7503):** Report the costs of appropriated fund contract support given to MWRS activities according to instructions provided by the AFO.

**4.11. Distributing DD Form 1155, Order for Supplies or Services.** Prepare DD Form 1155 (original and four copies) and distribute as follows:

- Send original and copies three and four to AO.
- Send copy one to the vendor; and
- Keep copy two in the purchase order file.

**4.12. Repair of Aero Club Aircraft Estimated to Exceed \$2500.00:**

4.12.1. The SCO will obtain at least two repair cost estimates for aircraft repair from FAA-licensed aircraft repair firms. The solicitation will advise offerors that no award will be made if it is determined to be more economical to accomplish the requirement in-house, or if the aircraft is determined not to be economical to repair. If the aero club has the capability to repair the aircraft in-house and desires to do so, they submit an offer to the SCO. If the aero club offer is less than that of commercial firms, no contract is issued.

4.12.2. The SCO provides the repair estimates, including price and terms or conditions, including any from the aero club, on a certified abstract to the aero club manager. The manager, pursuant to AFI 34-302, *Protection of Assets*, then submits the abstract of estimates and required photographs of the damage to HQ AFSVA/SVPAR who then determines if the aircraft is economically repairable, based on the repair offers submitted, considering the type of damage sustained].

**4.13. NAF Purchasing Library.** The SCO keeps on file as a minimum:

- Current copies of AFPD 64-3, AFI 64-301, and this Air Force Manual, 64-302.
- Current copy of AFNAF PI No. 1, "Overseas Shipments Via Parcel Post and Defense Transportation System (DTS)", where appropriate.
- A current index of NPAs.

**4.14. Base Contracting Activity Report. RCS: SAF-AQC (M) 7106.** Report contracts and orders funded in part or in whole with NAFs under a separate customer code using the same coding procedures as for appropriated fund contracts in the Base Contracting Activity Report.

## Chapter 5

### SPECIAL NAF REQUIREMENTS

#### 5.1. Mandatory FAR References:

##### 5.1.1. Mandatory FAR References:

<b>Far Reference</b>	<b>Title</b>
Part 3, Subpart 3.1	Safeguards
Part 4, Subpart 4.8	Contract Files (except purchase/delivery orders)
Part 5, Subpart 5.2	Synopses of Proposed Contracts*
Subpart 5.	Synopses of Contract Awards (except FAR 5.303(a))
Part 9, Subpart 9.1	Responsible Prospective Contractors
Part 9, Subpart 9.4	Debarment, Suspension, and Ineligibility
Part 12, Subpart 12.1	Delivery or Performance Schedules
Part 15, Subpart 15.4	Solicitation and Receipt of Proposals and Quotations (except 15.414)
Subpart 15.8	Price Negotiation, (except 15.802)
Part 22	Application of Labor Laws to Government Acquisitions
Part 25	Foreign Acquisitions (except Subpart 25.9)
Part 49	Termination of Contracts

\*Mandatory for AFNAFPO and SCOs only.

##### 5.1.2. Additional Requirements:

5.1.2.1. Comply with the FAR if a contract involves a combination of nonappropriated and appropriated funds.

5.1.2.2. Comply with the FAR unless otherwise provided in this manual, if a contract involves construction, including minor construction, alteration, and repairs or architect and engineer (A-E) services.

5.1.2.3. Determine the dollar threshold for a NAF contract by the dollar amount obligated under the contract. If it has an estimated amount or not-to-exceed dollar limit, use an estimate of the total dollar amount to be spent on the contract. For concessionaire contracts use the gross dollar limit on the contract in place of the net dollar return to the NAFI.

5.1.2.4. The General Accounting Office (GAO) has jurisdiction on protests involving NAF purchases made by a Federal Agency (interpreted by the Comptroller General to be any contract by an appropriated fund contracting office). Protests filed with the GAO must comply with FAR Part 33. The Comptroller General has determined that AFNAFPO is not an appropriated fund contracting office, and therefore is not subject to the jurisdiction of the GAO. The GSBICA only has jurisdic-

tion for protests arising under the *Brooks Act*. The *Brooks Act* only applies to appropriated fund data automation purchases. Protests against NAF funded data automation contracts cannot be filed with the GSBICA. The contracting activity acts on protests pertaining to NAF data automation purchases. The contractor may appeal the decision to SAF/AQC. Regardless of which office decides a protest, DoD Instruction 4105.67, *Nonappropriated Fund Procurement Policy*, DoD Directive 7060.3, *International Balance of Payments Program--Nonappropriated Fund Activities*, March 9, 1979, With Change 1, Comptroller General decisions and this manual are primary sources of authority for deciding the protest. Use the mandatory FAR references in paragraph 5.1.1. to decide a protest. Protests have many legal ramifications. Any NAF contracting and legal officer receiving a protest must consult the servicing contracting officer for guidance.

5.1.2.5. Apply the procedures at FAR subpart 9.4 when suspending and debarring NAF contractors. SCOs process all debarment and suspension actions for NAFIs.

5.1.3. FAR Exemptions. FAR provisions that do not apply or have been modified for contracts funded completely with NAFs are:

5.1.3.1. Competitive negotiation rather than sealed bidding is the preferred method of contracting for NAF supplies and services, regardless of the dollar amount. Use sealed bidding or negotiation for purchases that involve NAF construction over \$25,000, including minor construction, alteration, and repairs, if appropriate. In foreign countries, negotiation is the preferred method of contracting for construction. Use sealed bidding for other purchases if the chief of the SCO determines it is more advantageous. Issuance of an invitation for bids (IFB) is evidence of such a determination. Determinations, findings, and negotiation authorities set forth in the FAR do not apply to purchases accomplished solely with NAFs. Delivery orders may be written against Base level Simplified Acquisition Base Civil Engineering Requirements (SABER) contracts for NAF construction projects when the following conditions are met:

- Appropriate NAF contract provisions, as identified in **Chapter 6** of this manual must first be incorporated into the existing SABER contract, applicable to orders using NAFs.
- The base civil engineer and the SCO jointly consider and approve NAF projects proposed for SABER. Consideration will be given to estimated dollar amount, type of work being considered, unit price book application, etc. If the work required for NAF projects has not been priced in the unit price book, do not exceed the limits in the SAF/AQCO, AF/CE joint policy letter dated 2 Nov 89 and 27 Nov 91 and SABER Execution Guide.

5.1.3.2. DD Form 350, **Individual Contracting Action Report** (Over \$25,000), does not apply to NAF purchases.

5.1.3.3. The AFNAFPO and SV activities must use the forms prescribed by this manual. SCO use of these forms is optional. However, if DD Form 1155 is used, AF Form 2210 is used with it.

5.1.3.4. Contracts or orders containing a FAR clause must clearly show that the term "Government" is deleted and the abbreviation "NAFI" is substituted. (See paragraph 6.3.1.3.) The name of the NAFI issuing the contract is listed in the contract or on the AF Form 2209.

5.1.3.5. A NAFI is authorized to contract with military personnel, government employees, or business organizations substantially owned or controlled by government employees, when such contracts are funded solely with NAFs. Contracts or purchase orders that violate the JER are prohibited. Obtain SJA review. The SJA must review each proposed lease of an aircraft from an Air

Force member, either military or civilian, to determine if a conflict of interest or other standards of conduct violation, or appearance of a violation, exists.

5.1.3.6. Special contract formats listed in [Attachment 5](#) through [Attachment 15](#) are authorized in place of the uniform contract format required by the FAR.

5.1.3.7. NAF contracts funded completely with donations do not require competition if the donor specifies the source.

5.1.3.8. The following NAF needs, regardless of the estimated dollar value, are exempt from synopsis. However, the contracting officer may decide to synopsize these needs when considered necessary to establish reasonable pricing: entertainment; audit, insurance and bonding; distilled spirits, wine, beer, or malt beverages; concessionaire contract; consignment contract; credit charge and merchant agreement; resale; aviation fuel; aircraft and avionics; lease agreement and rental contracts; transportation services; vehicle purchase; interior design and items that are on an AFNAFPO issued NPA.

5.1.3.9. Solicitation and contract award notice for synopsized NAF purchases include the following as the last part of the notice to be published: "This is a nonappropriated fund purchase and it does not obligate appropriated funds of the United States Government. Nonappropriated funds are generated by the military community through the sale of goods and services and the collection of fees and charges for participation in military community programs. This purchase does not involve federal tax dollars."

5.1.3.10. The MAJCOM Contracting Division Chief may waive the need for cost and pricing data prescribed by FAR 15.804-2.

5.1.3.11. The dollar limits for Indefinite Delivery, Indefinite Quantity (IDIQ) contracts and delivery orders for A-E services listed in AFFARS 5336.691(a) and (b) do not apply to A-E services contracts written by AFNAFPO. AFNAFPO establishes dollar limitations for contracts and orders written by AFNAFPO.

5.1.3.12. Purchase orders over \$25,000 are authorized for NAF purchases for resale items and purchases from government sources.

## 5.2. NAF Ratification Rules:

5.2.1. Personnel holding the following positions are authorized to approve or disapprove ratification of unauthorized commitments for the amounts shown below:

Management Level above the RMFC	\$500 or less
Installation Commander	Between \$500 and \$25,000
AFNAFPO	\$25,000 and over

Unauthorized AFNAFPO purchases must be ratified by SAF/AQC.

5.2.2. Submit documentation covering the unauthorized act to the individual appointed by the commander for review in accordance with the following procedures:

5.2.2.1. The individual who committed the unauthorized act prepares a statement of all pertinent facts of the transaction and includes it in a file along with all relevant documents and records. Send this file to the SV or appointed individual.

5.2.2.2. When the unauthorized act is committed by an individual not under the jurisdiction of the support group commander, as when tenant organizations are involved, the commander having jurisdiction over the individual who made the unauthorized commitment will prepare the statement and the file with all relevant documents and records and send it to SV or higher authority.

5.2.2.3. The RMFC or appointed individual:

- Determines the adequacy of the record and obtains further documentation if considered necessary.
- Prepares a brief statement of facts. Include in the statement of facts an analysis of the prices involved to support a finding that they are, or are not, fair and reasonable.
- Obtains legal review by the servicing legal office and recommendation as to how to process the matter.
- Submits a recommendation, stating reasons for or against ratification, to the Commander SV Squadron, Installation Commander, AFNAFPO or SAF/AQC. A recommendation against ratification also must state the proper method for resolving the matter.
- If the approving authority makes a recommendation to have the unauthorized act ratified, sends the approval to the contracting officer, who prepares a numbered contract, purchase order or modification to effect payment.

**5.3. Contracting Emergency Support Plans.** Contracting emergency support plans prepared by the servicing contracting office must include provisions for such support to NAFIs.

**5.4. Defense Contract Audit Agency (DCAA) Support.** DCAA, as stated in DoD Instruction 7600.6, *Audit of Nonappropriated Fund Instrumentalities and Related Activities*, April 1, 1987, may be asked to provide audit services with respect to:

5.4.1. The evaluation of price proposals, when negotiated contracts estimated to be more than \$500,000 are awarded on the basis of the offeror's cost or pricing data; and,

5.4.2. Cost incurred under cost-reimbursement or incentive-type contracts, when the amount paid, except for fee or profit, is based on the contractor's cost. Send all requests for such service to the appropriate DCAA regional office. In overseas areas, send requests to the appropriate DCAA branch office.

**5.5. Purchasing Automated Data Processing (ADP) Resources.** Buy ADP hardware or software in accordance with AFSV Policy and MAJCOM policies and procedures.

**5.6. Insurance Coverage.** HQ AFMSV/SVQ approves the purchase of any commercial insurance except as provided for in AFI 34-208, *Property and Casualty Insurance*.

**5.7. Telecommunications Services and Equipment.** When using nonappropriated funds to purchase Private Automatic Branch Exchange (PABX) telecommunications and related services use these procedures:

5.7.1. For separate acquisitions:

5.7.1.1. The lodging officer identifies requirements using AF Form 3215, **Communications-Computer Systems Requirements Document (CSRD)**, and submit it to the base Communications-Computer Systems Officer (CSO) for validation by the Communications Computer Systems Requirements Board (CSRB) according to AFI 33-103, *Command Control, Communication and Computer C4, Systems*.

5.7.1.2. When the CSRB validates the requirements, forward the CSRD to the applicable MAJCOM for validation.

5.7.1.3. Forward the MAJCOM validated CSRD to the Engineering Installation Division, Deputy Commander for Acquisition (HQ EID/AQ) Tinker AFB OK 73145, requesting acquisition and implementation under the Base Information Digital Distribution System, Small Telecommunications Acquisition/Replacement (BIDDS STAR) program.

5.7.1.4. Upon receipt of tasking from HQ EID/AQ, the 2026 CS will prepare a cost estimate and request a funded AF Form 9, from the NAFI in the amount estimated for the up front cost of the system, if a lease with option to purchase plan is used. If a direct purchase is desired, use the direct purchase plan.

5.7.1.5. The project will be added to the BIDDS STAR Program Baseline Schedule when the 2026 CS has received a funded AF Form 9.

5.7.1.6. The 2026 CS administers the contract until cutover and acceptance of the system. The base contracting office accepts purchasing and administrative contracting office responsibilities approximately 60 days after system cutover and acceptance. The base contracting office and the 2026 CS will jointly agree to a specific transfer date.

5.7.1.7. A BIDD STAR acquisition includes complete maintenance services for the life of the contract (5 years). Maintenance services beyond 5 years are the responsibility of the NAFI. The base contracting office will acquire these maintenance services in coordination with the base CSO.

5.7.2. For joint acquisitions with the BIDDS base wide telephone system: At bases scheduled to receive a BIDDS Integrated Digital Telecommunications System for the base wide system, there is a window of opportunity to acquire a billeting switch using the same contract. Early coordination with the base CSO is necessary to determine the feasibility of this source. (See AFI 33-103 for further information).

**5.8. Design Exclusion Provision:**

**5.8.1. Interior Design.** The firm that specified and designed an interior design project or its subsidiaries or affiliates cannot receive a contract to provide items for that project. The contracting officer will inform interested parties of this restriction in the first contact and in the solicitation for the interior design project.

**5.8.2. Specialty Equipment Layout.** Secure by contract equipment layout drawings and specifications requested from commercial firms. Obtain written permission to use them without cost.

**5.9. Use of GSA Federal Supply Schedules (FSS).** GSA issues FSSs that are indefinite delivery contracts with commercial firms to provide supplies and services at stated prices for a stated period of time. The FSSs contain information for placing delivery orders directly with the contractor.

5.9.1. FSSs are optional for use when using NAFs. Delivery orders for goods to be used for resale are prohibited.

5.9.2. Foreign End Items to be purchased from an FSS will comply with FAR Part 25, *Foreign Acquisition*.

5.9.3. NAF contracting officers are authorized to place delivery orders against GSA FSSs without dollar limitation. There is no requirement for a determination of price reasonableness since the contracting officer who negotiated the GSA contract has already determined that schedule prices are fair and reasonable. There is no requirement for competition when using a GSA FSS. Use other contracting methods if, in the contracting officer's judgment, competition from nonschedule sources is in the best interest of the NAFI in terms of quality, responsiveness or costs.

5.9.4. The SCO maintains Federal Supply Schedules. They are available for use by NAF Contracting Officers.

**5.10. Foreign Purchases.** Certain restrictions are placed on the purchase of foreign products by the *Buy American Act*, The *International Balance of Payments Program* and the *Trade Agreements Act*, as described below:

5.10.1. *Buy American Act* (United States, its possessions, and Puerto Rico):

5.10.1.1. This Act applies to foreign end products that are bought for public use. Follow the procedures in FAR, part 25.

5.10.1.2. The Act does not apply to products purchased for resale, or to products bought for use outside the United States, its possessions, and Puerto Rico.

5.10.2. DoD Directive 7060.3, *International Balance of Payments Program--Nonappropriated Fund Activities, with Change 1*:

5.10.2.1. DoD Directive 7060.3 governs buying supplies and services, including construction from foreign sources in support of NAFIs., The 25 percent differential in paragraph D1c(3), DoD Directive 7060.3, applies to NAF purchases in lieu of the 50 percent differential set forth in FAR part 25.

5.10.2.2. DoD FAR Sup, Subpart 25.5 is the "DoD issuance" for purposes of DoD Directive 7060.3, paragraph C4.

5.10.3. *Trade Agreements Act* of 1979 (19 U.S.C. 2001-2582). FAR 25.4 sets forth guidance.

**5.11. Contracting for Meat.** Meat buyers cite National Association of Meat Purveyors (NAMP) standard or Institutional Meat Purchase Specifications (IMP) approved by the United States Department of Agriculture that applies in contracts or orders for meat to assure proper definition of the quality of meat being purchased. The environmental health office inspects meat at destination according to AFI 48-105, *Control of Communicable Disease*. Receiving personnel use the IMPs or NAMP as a guide for inspection and acceptance of meat deliveries. There is no requirement for meat purchased from the commissary to be reinspected by the base veterinary food inspection office or use of the aforementioned handbooks before acceptance. The NAMP handbook is available from the National Association of Meat Purveyors, 8365-5 Greensboro Drive, McLean VA 22102. The IMPs are available from the United States Department of Agriculture, Consumer and Marketing Service, Livestock Division, Washington DC



20250. Oversea activities are exempt from using IMPs or NAMP when buying from local market sources. All meat purchased from other than the commissary requires veterinary inspection.

#### **5.12. Performance Period for NAF Contracts or Agreements:**

- 5.12.1. Contracts subject to the *Service Contract Act (SCA)* are restricted to 5 years. Maximum time for contracts not subject to the SCA is 10 years. Contracts for real property are unlimited.
- 5.12.2. Suspense contracts with an option to extend the performance period at least 60 calendar days before the expiration date so the contracting officer can send a written notice to the contractor of the NAFI's intent to extend the contract.
- 5.12.3. There is no specific time limit on BPAs. However, each BPA will state the effective dates of the BPA.

#### **5.13. Buying Products and Services of the Blind and Severely Handicapped:**

- 5.13.1. Activity managers including those at sites separated from the SV will be aware of the products on the "*Procurement List*," and will place orders for these products with blind and severely handicapped sources. Authorized resale outlets may stock similar brand name supplies bought from commercial sources, as long as military resale supplies on the *Procurement List* also are stocked. Obtain copies of the *Procurement List* by sending GSA Form 457, to GSA Centralized Mailing Lists Service, Building 41, Denver Federal Center, Denver CO 80225. The SV keeps the "*Procurement List*." on file. Review the "*Procurement List*" periodically to ensure compliance with 41 U.S.C. 46-48. (For further instructions see FAR Subpart 8.7.)
- 5.13.2. The clause at FAR 52.222-36 titled *Affirmative Action for Handicapped Workers* (APR 1984), does not apply with regard to work performed outside the United States by employees who were recruited outside the United States. See definition of United States under explanation of terms in [Attachment 1](#).

**5.14. Buying From Federal Prison Industries Inc.** These goods and services are listed in the Schedule of Products Made in Federal Penal and Correctional Institutions, referred to as the "*Schedule*". The Federal Prison Industries has priority, under 18 U.S.C. 4124, over workshops for the blind and severely handicapped in the production of commodities for sale to the government. Copies of the Schedule are available at Federal Prison Industries, Inc., c/o Department of Justice, Washington DC 20537. Federal Prison Industries, Inc., is not a mandatory source according to 18 U.S.C. 4124 when available open market prices are lower. The SV keeps a copy of the "*Schedule*" on file. (For further instructions see FAR subpart 8.6.)

**5.15. Contracting With Appropriated Fund Activities.** The sale of goods and services by NAFIs to appropriated fund government activities is outside the scope of NAFI functions. Certain circumstances justify the purchase of supplies or services by appropriated fund activities from NAFI's. Such purchases are made when unique organizational or functional factors which make it impracticable for any entity other than a NAFI to provide the goods or services involved or when the NAFI is the only source available considering the exigencies of the situation involved. Either case requires sole-source justification. Make all such purchases using the same appropriated fund purchasing procedures and formats used in purchases from commercial sources.

**5.16. Purchase of Hazardous Materials.** All purchases of hazardous materials will include the clause at FAR 52.223-3, "*Hazardous Material Identification and Material Safety Data*". Hazardous materials such as ammunition, explosives, fireworks, poisons, paints, solvents, acids, powerful adhesives, dry ice, etc., require special shipping, handling and storage. Container labels describe contents and warnings about their use, and sometimes how they will be shipped and stored. Hazardous materials purchased by the AFNAFPO, (SCO) or NAF Contracting Officer for shipment overseas via the Defense Transportation System require an Export Traffic Release (ETR) clearance. Provide a copy of the order to the servicing USAF Water Port Logistics Office (WPLO) designated in the shipping instructions, so they can perform transportation administration services, which includes obtaining the ETR and giving the contractor authorization to make the shipment. (See shipping guidance in AFNAF Purchasing Instruction No. 1, titled "Overseas Shipments Via Parcel Post and Defense Transportation System (DTS)".)

**5.17. Credit Card Purchases Within HQ AFSVA Only:** AFSVA/CC has authority to issue credit cards to agency personnel for purchases not in excess of \$2,500. AFSVA/CC establishes procedures and controls to ensure proper use of the credit cards.

**5.18. Solicited Commercial Sponsorship.** Announce solicited commercial sponsorship requirements in the Commerce Business Daily (CBD). In addition to the CBD, publish announcements in local newspapers, Chamber of Commerce newsletters, or other business community publications.

**5.19. Promotional Activities.** The support group commander may authorize promotional activities involving demonstration of commercial products by firms when properly controlled to prevent irregularities. The SCO of NAF contracting officer executes a product demonstration agreement after obtaining approval from the support group commander. Be sure to give all firms an equal opportunity to host promotional events for their products. When a demonstration is completed, the NAFI is responsible for returning demonstration items that are not consumed.

## Chapter 6

### CONTRACT PROVISIONS

#### 6.1. Clauses and Certifications:

6.1.1. All contracts, including purchase orders funded solely with NAFs, will include the mandatory clauses in [Attachment 16](#) unless otherwise specified. Use the optional clauses in [Attachment 16](#) as needed. The contracting officer uses other clauses (general or special provisions) to protect the interests of the NAFI activity. Added clauses will not conflict with the mandatory and optional clauses prescribed above. Include the mandatory clauses in AF Form 2210. Use AF Form 2210 with contracts or agreements, except for the aircraft lease agreement. If the contract format has clauses that conflict with the general provisions, delete the clause from the general provisions. Identify the contracting NAFI activity in each NAF contract, including purchase orders.

6.1.2. Obtain deviations from or waiver of the clauses or certifications required by this chapter in writing from the authorities specified in [Chapter 1](#). Only persons with appropriated contracting warrants may enter into contracts funded with a combination of appropriated and nonappropriated funds. Use appropriate FAR clauses.

6.1.3. The contracting officer may incorporate by reference all clauses listed in this manual and any clause listed in FAR, DoD FAR Supplement or AF FAR Supplement as being eligible for incorporation by reference instead of listing the full text of the clause. The following statement precedes the listing of clauses to be incorporated by reference: "The provisions of the following clauses set forth in the Federal Acquisition Regulation (FAR) DoD FAR Supplement, AF FAR Supplement, or this manual are incorporated by reference with the same force and effect as though herein set forth in full. As used in the following clauses, the term "Government" is deleted and the abbreviation "NAFI" is substituted in lieu thereof. The date of each clause is the current date set forth in the FAR, DoD FAR Supplement, AF FAR Supplement or this manual, on the issuance date of this order or contract. Clauses made inapplicable by the reference or by the kind of order or contract, e.g., orders or contracts for services instead of supplies, are self-deleting. The complete text of any clause incorporated herein by reference is available from the contracting officer."

**6.2. Mandatory Contract Clauses and Provisions.** Use the following guidance when using the mandatory clauses in [Attachment 16](#).

##### 6.2.1. FAR Provisions and Clauses:

###### **6.2.1.1. Equal Opportunity Clause and Certifications (Applies to Contracts Over \$10,000).**

Include an equal opportunity clause and certifications clause, in the form required by the current Presidential Executive Order (or Orders), in all NAF contracts, unless they are of the type specifically exempted by the rules and regulations of the Secretary of Labor (41 CFR, Chapter 60). FAR Subpart 22.8 carries out these Executive Orders and specifies whether or not the clause and certifications apply.

**6.2.1.2. Labor Standards Clauses.** These clauses apply to construction, alteration, or repair (including painting) contracts within the United States that exceed \$2,000.

**6.2.1.3. Service Contract Act (SCA) of 1965, as amended (41 U.S.C. 35, et seq.).** The SCA applies to work done in areas defined as the United States. To comply with the SCA, contracts performed by service employees include the clause required by FAR Part 22. An amendment to the Act extended coverage to white collar workers. While not all-inclusive, examples of NAF service contracts are concessionaire; cafeteria and food services; custodial and janitorial services; landscaping (when not part of construction); and amusement, music, or vending machines, when the contractor must furnish, install, stock, and service the machines, make repairs, and keep them clean, attractive, and in good working order. The Department of Labor has ruled that the SCA does not apply to credit charge contracts and merchant agreements.

**6.2.1.4. Walsh-Healy Public Contracts Act (41 U.S.C. 35, et seq.).** Each contract over or expected to be over \$10,000 for manufacturing or furnishing materials, supplies, articles, or equipment contains the clause at FAR 52.222-20. The act does not cover contracts for the rental of equipment (without labor) (19 Comp. Gen. 486); buying of perishable goods also is exempt from the Act (41 U.S.C. 43).

**6.2.1.5. Clean Air Act and Federal Waste Pollution Control Act.** Executive Order 11738 and 40 CFR, part 15, that implement these acts, apply to NAF contracts. Use the procedures of FAR Subpart 23.1, to comply with the Executive Order and Environmental Protection Agency (EPA) regulations. Solicitations for contracts estimated to be more than \$100,000 include the certification in FAR 52.223-1. Contracts over \$100,000 include the clause in FAR 52.223-2, unless exempt. (See FAR 23.104 for exemptions.) Do not award contracts for work to be done at nonexempt facilities on the EPA list of violating facilities.

**6.2.1.6. Affirmative Action for Handicapped Workers.** Include the clause at FAR 52.222-36 in contracts for property and nonpersonal services over \$2,500. This will ensure compliance with Section 503 of the Rehabilitation Act of 1973 (Public Law 93-112), Executive Order 11758, and the regulations of the Secretary of Labor (41 CFR, part 60-741). (See FAR Subpart 22.14 for application).

**6.2.1.7. Affirmative Action for Special Disabled and Vietnam Era Veterans.** Include the clause at FAR 52.222-35 in all contracts for personal property and services, including construction, for \$10,000 or more. This will assure compliance with the provisions and intent of 38 U.S.C. 2012, Executive Order 11701, and 41 CFR, part 60-250. (See FAR subpart 22.13, for application.)

**6.2.1.8. Contract Work Hours and Safety Standards Act--Overtime Compensation (40 U.S.C., Chapter 5).** Contracts, including BPAs, that involve the use of laborers or mechanics by either the contractor or subcontractor must contain the clause at FAR 52.222-4. (See FAR subpart 22.3 for exceptions.)

**6.2.1.9. Buy American Act (41 U.S.C. 10.a-d), Balance of Payments Program, and Trade Agreements Act of 1979 (19 U.S.C. 2501-2582):**

- Use the certificate "Buy American--Balance of Payments Program Certificate (OCT 1980)" in DoD FAR Supplement 52.225-7000 and the clause "*Buy American Act and Balance of Payments Program (APR 1985)*" in DoD FAR Supplement 52.225-7001, in solicitations and contracts for supplies and for services involving furnishing supplies. Use the certificate and clause for purchases over \$25,000 that do not to exceed the dollar limitations prescribed for use of the *Trade Agreements Act* as published in the Federal Register.

- Use the certificate "Buy American Act -- Trade Agreements Act --Balance of Payments Program Certificate (MAY 1986)", in DoD FAR Supplement 52.225-7005 and the clause "Buy American Act -- Trade Agreements Act --Balance of Payments Program (MAY 1986)" in DoD FAR Supplement 52.225-7006 in solicitations and contracts for supplies and for services involving furnishing supplies. Use the certificate and clause in accordance with the dollar limitations prescribed for use of the Trade Agreements Act as published in the Federal Register.
- Use the 25% amount specified in DoD Directive 7060.3, paragraph D1c(3), for evaluation in lieu of the 50% amount prescribed by FAR Part 25.
- Follow the guidance in **Chapter 4** and FAR Subparts 25.2 and 25.3 when contracting for construction.

**6.2.2. Mandatory NAF Provisions.** The clauses set forth in this manual are mandatory for all NAF contracts. (*NOTE:* Exception to the requirements for disputes and termination clauses is authorized in case of contracts for commercial bonding and insurance, except where required by law.)

**6.2.2.1. Disputes Clause.** The contracting officer will make any decision and processes any appeal received under the "disputes" clause in accordance with the FAR 33.210 and 33.211 except as set forth in the special disputes clause for entertainment in paragraph **13.1**. Send any proposed decision in draft form to the local SJA, then to HQ AFMC/JAB. The contracting officer refers claims that are determined payable under this clause to the office that makes payment. (*NOTE:* *The Contract Disputes Act of 1978* does not apply to Air Force NAF contracts; however, the administrative procedures prescribed in that Act are applied in processing vendor claims for interest penalties under the *Prompt Payment Act* (Public Law 100-496).

**6.2.2.2. Law Governing Contracts Clause.** This clause is used with the "Disputes" Clause, unless an agreement with a foreign country precludes its use.

**6.2.2.3. Legal Status Clause.** This clause explains the legal status of a NAFI.

**6.2.2.4. Examination of Records Clause.** Only negotiated contracts over \$10,000 in NAF funds contain a clause that makes the records of the contractor subject to audit and examination. Include this clause in all negotiated NAF contracts, except those with foreign contractors where it is contrary to the laws of the country, or where the Secretary of the Air Force decides that the use of the clause would not be in the public interest.

**6.2.2.5. Assignment Clause.** Contracting Officers will not consent to assignments without prior coordination with their servicing SJA.

**6.2.2.6. Gratuities Clause.** This clause is specific to NAF contracts, since the sovereign immunity of the Air Force NAFIs has not been waived to permit suits based on contracts.

**6.2.2.7. Termination for Convenience Clause.** There are two types of convenience terminations: no cost and cost. The contracting officer has the right to terminate NAF contracts for convenience at no cost, regardless of the contract amount. The contracting officer will coordinate with the servicing SJA before beginning any convenience termination. In general, do not include this clause usually in single-performance or short-term entertainment contracts. Delete that part of the clause after the words "date of termination" if the contract does not require capital investment. *NOTE:* Send any proposed termination for convenience at cost to the termination contracting

officer (TCO) at the SCO or AFNAFPO. For construction and A-E contracts, use the clause set forth in the FAR.

**6.2.2.8. Termination for Default Clause.** Use the guidance in FAR in default terminations. Coordinate with the servicing SJA and HQ AFMC before serving any notice of default termination. **NOTE:** Send any proposed termination for default to the SCO or AFNAFPO for action. For construction and A-E contracts, use the default clause set forth in the FAR. **NOTE:** Exception to the requirements for disputes and termination clauses is authorized in case of contracts for commercial bonding and insurance, except where required by law.

**6.2.2.9. Non-Waiver of Defaults Clause.** This clause affords protection to the contracting NAFI in case contract administration is not performed promptly on a contract or order.

**6.2.2.10. Inspection and Acceptance Clause.** Use this clause in contracts for the purchase of supplies to include equipment.

**6.2.2.11. Acceptance Clause.** Use this clause pursuant to revised OMB Circular A-125, Prompt Payment. Include the clause in all contracts in and outside the United States. Specify a longer period of time elsewhere in the contract when more than seven working days are needed to inspect and accept supplies. The acceptance procedures in the Proof of Shipment clause apply instead of this clause.

**6.2.2.12. Prompt Payment Act (Public Law 100-496), as Amended.** This Act requires Federal agencies to pay interest penalties when certain payments are made late, and pay similar penalties when prompt payment discounts are taken after the offered discount period has lapsed. In the case of overseas shipments, treat nonreceipt of Proof of Shipment with the invoice the same as receipt of an improper invoice. Accomplish inspection and acceptance or rejection of goods and services and notification of an improper invoice as promptly as possible. Include the following clause in all NAF contracts and orders, other than those for construction and A-E work, for which FAR provisions relating to Prompt Payment will be used:

**6.2.2.13. Payments Clause.** Use this clause in contracts for supplies and services, except A-E, construction, and interior design contracts. The contractor and the NAFI must agree to partial payment terms before they are included in a contract.

**6.2.2.14. Discounts for Prompt Payment Clause.** Include this clause in all contracts for supplies or services.

**6.2.2.15. Modifications Clause.** Include this clause in all contracts for supplies and services.

**6.2.2.16. Hold and Save Harmless Clause.** Include this clause in all contracts for supplies and services, except flight and ground instructors contract. The aircraft lease agreement and individual service contract have a special Hold and Save Harmless clause.

**6.2.2.17. Advertisements Clause.** Include this clause in all contracts for supplies and services.

**6.2.2.18. Notification of Debarment/Suspension Status Clause.** Include this clause in all contracts for supplies and services.

**6.2.2.19. Taxes Clause.** Include this clause in all contracts for supplies and services.

**6.2.2.20. Commercial Warranty Clause.** Include this clause in all contracts for supplies and services.

**6.2.2.21. Variation in Quantity Clause.** Include this clause in all supply contracts.

**6.2.2.22. Proof of Shipment Clause.** Use the Proof of Shipment clause at the discretion of the contracting officer. Use the clause in contracts when shipment is made to a CCP or military surface port for transshipment via the (DTS) and by parcel post. It authorizes payment to be made prior to receipt and inspection of goods at final destination. There is no requirement for proof of shipment to make payment if supplies have already been received at final destination. The contractor is not responsible for loss of or damage to supplies caused by acts or omission of the DTS. Goods bought with NAFs that cannot be mailed overseas must be sent via the DTS, unless the NAFI pays for commercial transportation. Prior authorization for an airlift shipment must be obtained by the NAFI from AFDCO, Bldg. 262, Ste 6, 4375 Chidlaw Rd, Wright-Patterson AFB OH by message. See AFNAF PI No. 1, "Overseas Shipment Via Parcel Post and Defense Transportation System," for detailed guidance.

### **6.3. Mandatory Clauses for Construction and A-E Contracts Funded With NAF:**

6.3.1. Use the clauses prescribed by FAR Part 52, except for the mandatory clauses in this chapter. In addition, make the following changes:

**6.3.1.1. Payments to Contractors.** Delete the last sentence of paragraph (h)(3) of the clause in FAR 52.232-5. This applies to construction contracts only.

**6.3.1.2. Utilization of Small Business Concerns and Small Disadvantaged Business Concerns.** Delete. FAR 52.219-8 does not apply to NAF contracts.

**6.3.1.3. Alterations in Contract.** Add the clause below:

"ALTERATIONS IN CONTRACT (APR 1984). Portions of this contract are altered as follows: As used throughout the FAR clauses in this contract, the term, 'Government' is deleted and the abbreviation 'NAFI' is substituted in lieu thereof."

**6.4. Certifications for Contracts or Purchase Orders.** Include these certifications in solicitations (IFBs, RFPs, and RFQ) and purchase orders, where required by applicable statutes and regulations. The dollar amount of the contract or purchase order controls the applicability of the certifications:

6.4.1. The certifications listed below are not applicable to contracts or purchase orders entered into for supplies or services outside the United States:

- Equal Opportunity Certifications:
- Preaward On-Site Equal Opportunity Compliance Review for contracts expected to be more than \$1 million, excluding construction. (FAR 52.222-24).
- Certification of Nonsegregated Facilities (FAR 52.222-21).
- Previous Contracts and Compliance Reports (FAR 52.222-22).
- Affirmative Action Compliance (FAR 52.222-25).
- Contingent Fee Representation and Agreement (FAR 52.203-4).
- Certification of Independent Price Determination (FAR 52.203-2).
- Clean Air and Water Certification (FAR 52.223-1).

6.4.2. Other required certifications:

- Buy American--Balance of Payments Program Certificate (DoD FAR Sup 52.225-7000).
- Buy American--Trade Agreements--Balance of Payments Program Certificate (DoD FAR Sup 52.225-7005).



**PART 2****OPERATIONAL PURCHASING PROCEDURES****Chapter 7****REQUEST FOR PURCHASE (PR)**

**7.1. PR Guidance.** Purchase requests for supplies describe the requirement and give a realistic required delivery date. Purchase requests for nonpersonal services should have a performance work statement (PWS) attached.

**7.2. Authorized PR Forms.** Use AF Form 9, **Request for Purchase (PR)**, AF Form 2209-1, a letter, or other approved form as a PR. If using other than AF Form 9, the request for purchase must contain the information requested on the AF Form 9. The NAFRMS keeps a PR register for all PRs sent to the AFNAFPO and SCO. Send a message to the AFNAFPO to expedite purchase. The message cites the PR number and provides any justification of brand name or sole source. State the amount of funds authorized and include the name of the person authorizing the purchase.

**7.3. Numbering Request for Purchase (PR), Purchase Orders (PO), and Delivery Orders (DO):**

7.3.1. PRs sent to the SCO will be given a central number as required by the SCO.

7.3.2. PRs sent to the NAFRMS and AFNAFPO and purchase and delivery orders issued by the NAFRMS will be given a 12 position alphanumeric number as follows: Position 1-4. First four alpha characters of the base name (for example Randolph AFB would be RAND). Major commands with four or more letter designation use the first four letters for the designation, e.g., for PACAF, use PACA, for USAFE, use USAF. For commands with three position designation, use the three position designations in the first three positions and a space in the fourth position, e.g., for ACC use ACC; Position 5. One alpha character to denote branch of service (for example "F" denotes Air Force); Positions 6-7. Two character alphanumeric identity number. For activities under the Morale Welfare Recreation and Services Fund (MWRSF) use the cost center code. All other NAFIs use the NAF ID. For NAF IDs and cost center codes, see AFI 34-209, *NAF Financial Management and Accounting*. Position 8. Use one character numeric fiscal year identifier. Enter the last position of the fiscal year. Positions 9-12. Four character numeric line item identifier. Start with 0001 and number PRs and orders consecutively for the fiscal year. Place this 12-position alphanumeric number (for example RANDFW110001) in block #1 of AF Form 2209 or AF Form 2209-1. Place the first eight positions of the alphanumeric number (for example RANDFW1) in the block titled "No." of AF Form 9. Use a four digit consecutive number for each line item. Each order has one number assigned while each PR has a four character number for each line item.

7.3.3. Keep purchase order numbers and purchase request numbers on one register or on separate registers as desired. Use AF Form 1409, or a locally developed computer listing, to control assignment of numbers and to perform follow-up. The remarks column of AF Form 1409 may be used to denote "P" for request, "O", for order, or "C" for contract. When an order or contract is received resulting from a

purchase request sent to the AFNAFPO, cross reference the number in the remarks column of AF Form 1409.

**7.4. Assigning Stock Numbers.** When a PR is submitted to the SCO, the NAFRMS will assign a stock number compatible with the Base Contracting Automated System (BCAS) to each line item processed for purchase. Requests for purchase submitted to the AFNAFPO do not require a stock number.

#### **7.5. Preparation and Approvals:**

7.5.1. The description must be sufficient to enable the contracting organization to identify the supplies or services desired. List the salient features of the product to meet your needs such as stock or part number, manufacturer's name, catalog number, model number, size, shape, color, strength, performance, and electrical requirements.

7.5.2. Attach specifications or drawings to the PR if they are necessary to the procurement.

7.5.3. If an item cannot be properly described in any other way, state the brand name, manufacturer's name, model number, catalog number, stock number of one or more products, followed by the words "or equal" and list the salient features required to meet your needs.

7.5.4. If requesting replacement parts, indicate the manufacturer's part number and item identification (model number) of the end item for which the parts are needed.

7.5.5. If known, the PR originator provides a suggested source(s) of supply. Suggesting source(s) does not prohibit the contracting activity from requesting offers from other source(s).

7.5.6. Enter remarks about special handling, shipping instructions, or any other significant data.

7.5.7. Indicate the year, model, condition and estimated dollar value of trade-in equipment, if applicable.

7.5.8. Other than Brand Name or Sole Source. Avoid descriptions that specify a certain product or a unique feature of a product peculiar to one firm thereby barring consideration of a product made by another source.

**7.6. Justification for Purchases of Sole Source or Brand Name Requirements.** The contracting officer approves sole source and brand name justifications. When brand name or sole source is required, submit a justification with the PR.

7.6.1. A sole source justification clearly states the facts and rationale as to why the requested item must be purchased from only that source.

7.6.2. A brand name justification states why that brand is the only one acceptable.

7.6.3. A replacement justification states that the requested item is an exact replacement for a like item and that substitutes will not serve the purpose of intended use.

7.6.4. A component part justification states that the requested item is a part of an assembly, unit, or system.

7.6.5. Furnish a carpet certification with the PR when specifying carpet for an interior installation.

7.6.5.1. The carpet certification certifies that the carpet passes the flammability tests DOC-FF-1-70 (Pill Test) and ASTM E-648 and meets all Air Force Standards.

7.6.5.2. The MAJCOM designer or base civil engineer signs carpet certifications.

7.6.5.3. Maintain a copy of the carpet certification on file at the NAFI.

**7.7. Signatory Authority.** A PR signed by the custodian or designee signifies that all approvals have been obtained and funds will be made available in the amount estimated.

**7.8. Distributing Requests for Purchase.** AF Form 9 is printed in a set. Distribution varies depending on the originator of the PR. Distribution is as follows:

- Original to the purchasing office.
- Keep copy 1 in suspense awaiting receipt of the contract or order.
- Copy 2 to the activity manager who asked for the supplies services.
- Use Copies 3 and 4 as required (there are no specific distribution requirements for these copies).

**7.9. Purchasing Lead-Time:**

7.9.1. Submit PRs in advance of the needed delivery or performance date to allow enough purchasing lead-time. Complete PRs and send them to the purchasing activity at least 60 calendar days (CONUS) or 90 calendar days (overseas) before the supplies are needed. Make every effort to set a realistic delivery date. Give reasonable time for the purchase and delivery.

7.9.2. Send items involving interior design projects as a complete package. Coordinate interior design projects with the local civil engineering office. Indicate on the PR the expected start date for renovation or construction of the facility and estimated completion date.

**7.10. Referral of Requests for Purchase.** Follow the guidance in AFFARS, subpart 25.1 when foreign goods are required and the requester wants to use an overseas purchasing office. Process AF Form 9 through the SCO. PRs from isolated and overseas bases may be sent to the AFNAFPO for purchase.

**7.11. Authorization for Additional Funds:**

7.11.1. Contracting officers cannot enter into contracts, agree to contract modifications, approve claims or equitable adjustments, or take other actions that require more funds than are made available on the PR and any amendment to the PR. This restriction applies to all actions involving NAFs.

7.11.2. Custodians can authorize a specific dollar amount or percentage increase in the total amount of NAFs made available by a PR. Additional funds can be made available by the custodian issuing a revised PR or issuing a PR which states or amends an existing PR to state as follows: "Permission is hereby given to exceed the total of this request in an amount not to exceed \$\_\_\_\_\_ or \_\_\_\_\_percent without further authorization from the custodian."

7.11.3. If the dollar or percentage authorization addressed in [7.11.2.](#) is not included on a PR, or if the amount authorized is inadequate, the SCO or AFNAFPO increases the total amount of funds authorized on the PR as follows:

7.11.3.1. If the amount required is \$100 or less, telephone the originator of the PR, request that he or she obtain approval for the additional funds required, write a memorandum for the contract file, and complete the action involved when advised that the funds have been approved.

7.11.3.2. If the amount required is over \$100, contact the originator of the PR, proceed with the action involved after receiving written approval of the increased amount required.

7.11.3.3. For overseas activities, including Alaska and Hawaii, unless otherwise limited in the PR, the AFNAFPO is authorized to exceed the total estimated funds authorized on the PR by 10 percent.

**7.12. Identification of Initiating Office.** To aid in processing PRs and to assist in contract administration, include the DSN number of the initiating office in AF Form 9, item 7.

**7.13. Followup on PRs.** The NAFRMS follows up inquiries on PRs submitted for purchase action for which no contract or order or communication has been received from the SCO or AFNAFPO. Make inquiries to AFNAFPO on the status of a PR within 30 calendar days (CONUS) or 45 calendar days (overseas) after submittal.

## Chapter 8

### COMPETITION AND DOCUMENTING REASONABLENESS OF PRICE

**8.1. General.** Determine reasonableness of price for every acquisition regardless of the dollar amount. For example, don't pay \$10.00 for an item that should be reasonably priced at \$2.00.

**8.2. Competition Requirements.** Do not use auction bidding to obtain lower prices by divulging amounts quoted on price lists by a competitor.

**8.2.1. Two-Thousand, Five Hundred (\$2,500) or Less.** Competition is not required unless considered necessary by the contracting officer or buyer to verify reasonableness of price. The contracting officer determines reasonableness of price before signing a contract or order. The contracting officer or buyer must determine reasonableness of price before placing a call against an unpriced BPA. Although only one source need be solicited, when practical solicit a quote from another open market source before placing a repeat order or call against an unpriced BPA with the same firm. The administrative cost of verifying reasonableness of price by written quotes may more than offset any potential savings from detecting instances of overpricing. Take action to verify reasonableness of price only when one or more of the following situations exist:

- The contracting officer or buyer suspects or has information to indicate that the price is not reasonable.
- No comparable pricing information is available for the item being purchased

**8.2.2. Purchases over \$2,500.** Solicit quotations from known sources that are in the business of furnishing the needed supplies or services. The contracting officer can make award based on adequate competition if in receipt of two quotations that are competitive as to price and determined to be reasonable. If there is only one quotation, accept it if the price is determined to be reasonable. In this case, or when the variance between quotes reveals a lack of true competition, document the contract or order file with justification to show how the price was determined to be reasonable.

**8.2.3. Brand Name and Sole Source.** Include justification in the contract or purchase order file to support a brand name, other than resale, or sole source purchase.

**8.2.4. Indefinite Delivery (ID) type contracts and Prepriced BPAs.** The contracting officer determines price reasonableness before signing an ID type contract and when he or she reviews and date stamps price lists prior to distribution to activity managers. GSA FSSs, DLA SBs, Air Force NPAs, Prepriced BPAs, except SCO ID mandatory contracts that include a NAFI's estimated needs and NPAs for EPP items are optional for use, however, they are preferred sources for supplies and services. Make maximum use of these contracts in purchasing supplies or services. FAR does not require further competition. However, if in the contracting officer's or buyer's judgment, obtaining competition is in the best interest of the NAFI in terms of quality, responsiveness, or costs, other purchasing procedures are used.

### 8.3. Documenting Reasonableness of Price:

**8.3.1. Purchases of \$2,500 or Less.** No written documentation of reasonableness of price is required, unless the contracting officer deems it necessary. The contracting officer signifies that he or she has determined reasonableness of price by signing the contract or order, or by reviewing and date stamping price lists prior to distribution to activity managers. The buyer signifies that he or she has determined reasonableness of price by placing a call against an unpriced BPA. If the contracting officer or buyer finds prices to be unreasonable, the contracting officer or buyer seeks competition or uses price analysis to document reasonableness of price. Use AF Form 3062 to document oral or written quotes.

**8.3.2. Purchases over \$2,500.** FAR requires documentation of reasonableness of price. In the case of ID type contracts and prepriced BPAs the contracting officer has already determined reasonableness of price, and there is no requirement for further documentation. The contracting officer has determined reasonableness of price and has ensured the contract or order file was properly documented before signing the contractual document. For calls made against an unpriced BPA, the buyer is responsible for documenting reasonableness of price before placing the call. Use AF Form 3062 to document competition.

**8.3.3. Price Analysis Decision Logic Chart ( [Figure 8.1.](#)).** Use [Figure 8.1.](#) with a Small Purchase Pricing Memorandum to document purchases over \$2,500 that were not competed. The chart presents a step-by-step price analysis process, in sequence. Follow this sequence only to the step at which it is determined that reasonableness of price exists. Every purchase does not require going through the entire sequence. Often price reasonableness can be determined at an early step. Narrative instructions explaining each step in [Figure 8.1.](#) are:

- Step 1--If a solicitation results in adequate competition, document the abstract and award.
- Step 2--If a current commercial catalog price list or other advertised pricing data is available, and used to establish the price, document the file and award. If a quoted price is used, compare the price with the published catalog price or other pricing data, after adjustment for any quantity, trade or other discounts allowed:
  - If the quoted price is considered reasonable, document the file and award.
  - If the quoted price is considered too high, negotiate a reasonable price, document the file and award.
- Step 3--If the established market price for the same or similar item verifies reasonableness of price, document the file and award.
- Step 4--If the price quoted is considered reasonable based on price history, or previous purchase with competition, or history of award to more than one supplier, document the file and award.
- Step 5--Value analysis covers knowledge of the product and functions it performs. In some cases, knowledge of materials used to make the product and manufacturing costs are needed to determine reasonableness of price. If the contracting officer does not have the capability of performing value analysis, send a letter to the user or technical personnel requesting an evaluation. If the evaluation shows the price is reasonable, document the file and award. If the evaluation indicates the price is not reasonable, negotiate a reasonable price, document the file and award. Otherwise, cancel the PR and return it to the originator.

- Step 6--Set forth the specific reason why the price is considered reasonable, document the file and award.
- Step 7--If the price cannot be determined to be reasonable by competition or using steps 2 through 6 above, cancel the PR and return it to the originator. Explain the reason why the PR is canceled.

**8.3.4. Pricing Memorandum.** The file is to be documented to show the reasonableness of price for open market purchases in excess of \$2,500. Use the step-by-step process along with [Figure 8.1.](#) to document the file with a pricing memorandum.

**Figure 8.1. Price Analysis Decision Logic Chart.**

**PRICE ANALYSIS DECISION LOGIC CHART**

1. ADEQUATE PRICE COMPETITION	YES-----AWARD NO-----GO TO 2
2. COMMERCIAL CATALOG/PUBLISHED PRICE LIST	YES-----AWARD (DOCUMENT) NO-----GO TO 3
3. ESTABLISHED MARKET PRICE (SAME OR SIMILAR ITEM)	YES-----AWARD (DOCUMENT) NO-----GO TO 4
4. COMPARE WITH PRIOR PURCHASE (SAME OR SIMILAR ITEM)	YES-----AWARD (DOCUMENT) NO-----GO TO 5
5. VALUE ANALYSIS BY BUYER (USER/TECHNICAL PERSONNEL)	YES-----AWARD (DOCUMENT) NO-----GO TO 6
6. OTHER (SET FORTH SPECIFIC REASON)	YES-----AWARD (DOCUMENT) NO-----GO TO 7
7. CANCEL PURCHASE REQUEST (RETURN TO ORIGINATOR)	

## Chapter 9

### SOLICITATIONS AND ABSTRACTS

**9.1. General.** Provide guidance about the forms used to issue solicitations and prepare abstracts. Preparation instructions are limited to the most common forms used by the NAF contracting officer at base level.

9.1.1. "Offer" means a response to a solicitation that, if accepted, binds the offeror to perform the resultant contract. Responses to requests for proposals (negotiation) are offers called "proposals"; responses to requests for quotations (negotiation) are not offers. They are called "quotes".

9.1.2. Following are the legal effect of quotes:

9.1.2.1. A quote is not an offer and cannot be accepted by the NAFI to form a binding contract. Issuance by the NAFI of an order for supplies or services in response to supplier's quotation does not establish a contract. The order is an offer by the NAFI to the supplier to buy certain supplies or services upon specified terms and conditions. A contract comes into being when the supplier accepts the offer.

9.1.2.2. When appropriate, the contracting officer requests the supplier to indicate acceptance of an order by notification to the NAFI, preferably in writing. Otherwise, the supplier indicates acceptance by furnishing the supplies or services ordered or by proceeding with the work to the point where substantial performance has occurred.

9.1.2.3. If the NAFI issues an order resulting from a quote, the NAFI can, by written notice to the supplier, at any time before acceptance occurs, withdraw, amend, or cancel its offer. (See FAR Part 5 for procedures covering termination or cancellation of purchase orders.)

9.1.3. Use a written solicitation when quotes or proposals will be evaluated for multiple awards. Include the provision below in the solicitation:

*"Evaluation of Quotes and Offers for Multiple Awards (1986 DEC). In addition to other factors, quotes and offers will be evaluated on the basis of advantages and disadvantages to the NAFI that might result from making more than one award (multiple awards). It is assumed, for the purpose of evaluating quotes, \$100.00 for a purchase order, or offers, \$500 for a contract would be the administrative cost to the NAFI for issuing and administering multiple awards under this solicitation. Individual awards will be for the items or combinations of items that result in the lowest aggregate cost to the NAFI, including the assumed administrative costs."*

**9.2. NAF Contracting Forms.** SF Form 18. The contracting officer or buyer uses this form to solicit quotes for supplies or services. It is used to solicit quotes when a special contract format will be used to make an award. In this case, attach a copy of the contract format (for example, Amusement, Music or Vending Machine Concessionaire Contract Format) along with AF Form 2210. State on the form or attach to it specific guidance about how the quote must be submitted. The entries on this form are self-explanatory. Use AF Form 2641 to obtain offers under a request for proposal or sealed bid. The acceptance of an AF Form 2210 creates a binding contract. Use AF Form 2640 to consummate a negotiated contract where award cannot be made on the initial offer. (AF Forms 2640 and 2641 are used primarily by the AFNAFPO.)



**9.3. Abstract Used To Record Quotes.** AF Form 3062 or SF 1409 are used to record oral or written quotes. Either may be used by the AFNAFPO or SCO to record proposals instead of SF Form 1409.

**9.4. Solicitations for Information or Planning Purposes.** Solicitations for information or planning purposes are authorized. (Reference FAR 15.405.)

## Chapter 10

### NEGOTIATIONS AND AWARD

**10.1. General.** Negotiation" means contracting through the use of either competitive or other-than-competitive quotations or proposals and resultant discussions. Any contract awarded without using sealed bidding procedures is a negotiated contract. Negotiation is a procedure that includes the receipt of quotes from quoters and proposals from offerors. Negotiation permits bargaining with quoters and offerors and usually affords quoters or offerors an opportunity to revise their quote or proposal before an award is made. Bargaining includes discussions of agenda items, persuasion, alteration of initial assumptions and positions. Give-and-take may apply to price, the schedule, technical requirements, type of contract, or other terms of a proposed contract.

#### 10.2. Definitions:

10.2.1. "Price" is cost plus any fee or profit applicable to the contract type.

10.2.2. "Price analysis" is the process of examining and evaluating a proposed price without evaluating its separate cost elements and proposed profit.

10.2.3. "Technical analysis" is the examination and evaluation by personnel having specialized knowledge, skills, experience, or capability in engineering, science, or management of proposed quantities and kinds of materials, labor processes, special tooling, facilities, and associated factors set forth in a proposal in order to determine and report on the need for and reasonableness of the proposed resources assuming reasonable economy and efficiency.

**10.3. Solicitations.** This paragraph covers Requests for Quotations (RFQ) and Requests for Proposals (RFP) that will result in a numbered contract instead of a purchase order. **Chapter 9** provides guidance covering RFQs that will result in purchase orders.

10.3.1. Use RFQs or RFPs in negotiated acquisitions to communicate NAFI requirements to prospective contractors and to solicit quotations or proposals from them. Contracting officers use written solicitations except as permitted in **10.3.5**. Solicitations shall contain the information necessary to enable prospective contractors to prepare quotations or proposals properly. Solicitation provisions and contract clauses are incorporated into solicitations and contracts by reference, when authorized by the FAR as supplemented by DoD FAR Supplement (DFARS) or Air Force FAR Supplement (AFFARS) or this manual.

10.3.2. Contracting officers will furnish identical information on a proposed acquisition to all prospective contractors. NAFI personnel will not provide the advantage of advanced knowledge concerning a future solicitation to any prospective contractor. Personnel violating this provision are subject to criminal prosecution.

10.3.3. Use an RFQ when no award is contemplated and the solicitation is issued to obtain price, delivery or other market information for planning purposes.

10.3.4. Contracting officers normally issue RFPs when it is reasonable to expect prospective contractors to respond with offers, even though they anticipate negotiations after receipt of offers. Do not use an RFP for a solicitation for information or planning purposes.

10.3.5. Purchases expected to exceed \$25,000 require a written solicitation. Use an oral solicitation for an emergency. An emergency is a situation that arises suddenly, without notice where failure to act immediately could result in specific harm. The contracting officer writes a justification and places it in the contract file. The specific negative impact to the NAFI if an oral solicitation is not used must be stated. Use of an oral solicitation does not relieve the contracting officer from complying with other policies and procedures in this regulation. Documentation of an oral solicitation will include the following:

- A justification for use of an oral solicitation.
- Description of need to include individual item descriptions, quantity, and delivery schedule.
- Sources solicited, including the date, time, name of individual contacted, and prices quoted; and
- Solicitation number provided to prospective contractors.

#### **10.4. Change in NAFI Requirements:**

10.4.1. When, either before or after receipt of quotations or proposals, the NAFI changes, relaxes, increases, or otherwise modifies its requirements, the contracting officer will issue a written amendment to the solicitation. When time is of the essence, oral advice of changes can be given if the changes involved are not complex and all firms to be notified are given notification as near to the same time as possible.

10.4.2. In deciding which firms to notify of a change, the contracting officer shall consider the stage in the acquisition cycle at which the change occurs and the magnitude of the change, as follows:

10.4.2.1. If quotations or proposals are not yet due, send amendment to all firms that received a solicitation.

10.4.2.2. If time for receipt of quotations or proposals has passed but quotations or proposals have not yet been evaluated, send the amendment only to the responding quoters and offerors.

10.4.2.3. If a change is substantial and it warrants complete revision of a solicitation, the contracting officer will cancel the original solicitation and issue a new one, regardless of the stage of acquisition. A new solicitation will be issued to all firms originally solicited and to any firms added to the original source list.

#### **10.5. Receipt of Quotations and Proposals:**

10.5.1. Mark all quotations and proposals with the date and time of receipt and keep them unopened in a locked filing cabinet or safe. Open and record the quotations or proposals at the same time after the time and date set for receipt. If a solicitation is canceled, return all quotations or proposals to the firms that submitted them.

10.5.2. A designated official will open all envelopes marked as quotes or proposals that fail to identify the firm or solicitation number solely for the purpose of identification. If a quotation or proposal is opened by mistake the envelope is signed by the opener, whose position is written thereon, and delivered to the designated official. The designated official will immediately write on the envelope: (1) an explanation of the opening, (2) the date and time opened, and (3) the solicitation number, and sign the envelope. The designated official will immediately reseal the envelope.

**10.6. Opening of Quotes and Proposals:**

10.6.1. After opening and recording the quotes or proposals, the contracting officer will review the abstract, AF Form 3062 or SF 1409, **Abstract of Offers**, and decide if negotiations will be conducted with those firms found to be in the competitive range.

10.6.2. When technical items are involved, the contracting officer sends the quote or proposal to Air Force technical personnel for evaluation. After receipt of the evaluation, the contracting officer makes award based on the initial quotations or proposals or conducts negotiations. (See paragraph **10.8.**)

**10.7. Price Negotiation Memorandum (PNM).** Use the following outline to prepare a PNM. Prepare a PNM only when price negotiations are conducted to establish fair and reasonable pricing.

"SUBJECT: Price Negotiation Memorandum for Contract No. RANDFA61C0001

1. Prenegotiation.
2. Negotiations.
3. Award.

JOHN B. DOE  
Contracting Officer

1 Atch  
Agenda

**10.8. Quotation or Proposal Evaluation:**

10.8.1. Evaluation is an assessment of the quotation or proposal and the firm's ability as conveyed by the quotation or proposal, to successfully accomplish the prospective contract. Evaluate quotations or proposals solely on the factors specified in the solicitation.

**10.8.1.1. Price Evaluation.** The contracting officer uses price analysis to evaluate the proposed price, to determine if it is reasonable, and to determine the firm's understanding of the work and ability to perform the contract. The contracting officer documents the cost or price evaluation.

**10.8.1.2. Technical Evaluation.** If technical evaluation is necessary beyond ensuring that the quotation or proposal meets the minimum requirements in the solicitation, the cognizant technical official, includes:

- The basis for evaluation;
- An analysis of the technically acceptable and unacceptable quotations or proposals, including an assessment of each firm's ability to accomplish the technical requirements.
- A summary matrix, or quantitative ranking of each technical quotation or proposal in relation to the best rating possible, and,
- A summary of findings.

10.8.2. All quotations or proposals received in response to a solicitation are rejected if the agency head determines in writing that:

10.8.2.1. All otherwise acceptable quotations or proposals received are at unreasonable prices;

10.8.2.2. The quotations or proposals were not independently arrived at in open competition, were collusive, or were submitted in bad faith.

10.8.2.3. For other reasons, cancellation is clearly in the best interests of the NAFI.

10.8.3. Do not consider prompt payment discounts in the evaluation of quotes or proposals. However, any discount offered shall become part of the award and will be taken if payment is made within the discount period specified by the quoter or offeror. As an alternative to indicating a discount in conjunction with the quote or proposal, prospective contractors may prefer to offer a trade discount or prompt payment discount on individual invoices.

## **10.9. Negotiation (Written or Oral Discussion):**

10.9.1. Written or oral discussions need not be accomplished in acquisitions when it is clearly demonstrated from the existence of full and open competition or accurate prior cost experience with the product or service that acceptance of the most favorable initial quote or offer would result in the lowest overall cost to the NAFI at a fair and reasonable price, provided that:

- The solicitation notified all prospective contractors that award might be made without discussion, and
- The award is made without any written or oral discussion with any quoter or offeror.

10.9.2. Except as provided in [10.9.1.](#), the contracting officer conducts written or oral discussion with all responsible quoters or offerors who submit quotations or proposals within the competitive range. The content and extent of discussions are a matter of the contracting officer's judgment, based on the particular facts of each acquisition.

10.9.3. The contracting officer shall:

- Prepare an agenda of the main topics to be discussed during negotiations;
- Act as the chairman of the negotiation team and exercise control of all discussions;
- Advise each quoter or offeror of deficiencies in its quotation or proposal so the prospective contractor is given an opportunity to satisfy the NAFI's requirements;
- Resolve any suspected mistakes by calling them to the firm's attention as specifically as possible without disclosing information concerning other quotations or proposals, or the evaluation process.
- Provide the quoter or offeror a reasonable opportunity to submit any cost or price, technical, or other revisions to its quotation or proposal that may result from the discussions.

10.9.4. The contracting officer and other personnel involved shall not engage in:

- Providing technical information to a firm that results in improvement of a competing quotation or proposal; or
- Auction techniques, such as;
  - ..Indicating to a quoter or offeror a cost or price that it must meet to obtain further consideration;
  - ..Advising a quoter or offeror of its price standing relative to another quoter or offeror. However, it is permissible to inform a quoter or offeror that its cost or price is considered to be too high or unrealistic; and

..Otherwise giving information about other quoters or offerors prices.

**10.10. Equal Low Quotes or Proposals.** If two or more quotes or proposals are equally eligible and equal in all respects under the award criteria, make award by a lot drawing limited to those firms. If time permits, give proposers or quoters an opportunity to attend the drawing. At least three persons will witness the drawing. Document the contract file with the names and addresses of the persons witnessing the drawing.

**10.11. Shipment Delivery Terms.** Free on board (FOB) destination or origin tells which party pays shipping expense for the supplies. Delivery terms set forth in the contract determine risk of loss or damage to supplies in transit. In the absence of any other ruling provision in the contract, the risk of loss is with the party who has title to the supplies. If nothing in the contract provides for passage of title or risk of loss, the party paying for transportation may be assumed to accept the risk of loss.

10.11.1. This applies regardless of damages in transit, liability for non conforming supplies, hidden damages, fraud, or latent defects.

10.11.2. After the receiving NAFI, its agent, or other government representative at the CCP or POE accepts the supplies, the contractor and carrier are free of responsibility, except as under [10.11.1.](#) above. After unqualified acceptance, a NAFI can lose all rights to place a claim for damaged supplies. Therefore, make a close inspection before accepting delivered supplies.

10.11.3. Paragraphs [10.11.3.1.](#) and [10.11.3.2.](#) describe two ways to negotiate FOB destination delivery terms for quotes and offers.

10.11.3.1. FOB destination with freight charges included in the cost of supplies or figured separately as a lump sum. Risk of loss or damage during shipment lies with the contractor until the NAFI receives, inspects and accepts the supplies. The contractor files any claim against the common carrier for loss or damage. The Government representative receiving the supplies annotates any loss or damage on the carrier's shipping document and retains a copy. After consulting with the custodian, the Government representative will send a copy to the contractor requesting disposition of damaged supplies and indicate whether the damaged or lost items should be replaced by another shipment. The contractor replaces damaged or lost supplies at no additional cost to the NAFI and gives instructions for disposal of the damaged supplies. The contractor pays shipping and handling costs involved in disposing of the damaged supplies.

10.11.3.2. FOB destination with freight charges prepaid and billed as a separate item on the invoice. Require the contractor to submit a copy of freight bill. When competition is obtained, the contracting officer obtains from each prospective contractor, the number of pieces in the shipment and their total cubic feet and weight. The contracting officer makes a written request to base transportation for calculation of freight charges from each shipping point before making an evaluation as to the lowest acceptable quote or offer for award. Title to the goods lies with the contractor during shipment. The contractor will file any claim against the common carrier for loss of or damage to supplies during shipment. ( See [10.11.3.1.](#) on damaged or lost supplies.)

10.11.4. There are two ways to negotiate FOB origin delivery terms.

10.11.4.1. FOB origin with freight prepaid and billed as a separate item on the invoice. Require the contractor to furnish copy of the freight bill. These are the most common delivery terms for FOB origin shipments. When proposals are solicited, the contracting officer obtains from each

prospective contractor the number of pieces in the shipment and their total cubic feet and weight. The contracting officer then requests in writing that base transportation calculate the freight charges from each shipping point before an evaluation is made as to the lowest acceptable offer for award. Title to the supplies is vested with the NAFI at the point of first receipt of the supplies by the common carrier. Any claim for damaged or lost supplies is filed by the NAFI against the common carrier since risk of loss or damage to the supplies during shipment lies with the NAFI. The government representative who receives the supplies annotates any loss or damage on the carrier's shipping document to the custodian for the purpose of filing a claim against the common carrier. The contractor is to be paid promptly for the supplies conforming to the contract. Recourse for loss or damage is against the common carrier.

10.11.4.2. FOB origin with freight allowed. The contracting officer evaluates quotes and offers for award without obtaining the number of pieces in the shipment. The NAFI assumes risk of loss at the point of first receipt by the common carrier. In case of damage or loss of supplies, the NAFI must file any claim against the common carrier. Follow the other procedures prescribed in [10.11.4.1](#).

**10.12. Numbering Contracts.** The NAFRMS keeps a separate register each fiscal year for contracts and numbers them similar to purchase requests and purchase/delivery orders (see paragraph [7.3](#)), except a capital "C" is inserted in the ninth position and a 3 digit contract number is assigned in sequence. A sample number for the Resource Management Flight, Randolph AFB for FY 93 is RANDFA63C001. Use the letter "A" instead of "C" for BPAs. The NAF contracting officer controls the assignment of contract numbers. The NAF contracting officer may issue a block of numbers for entertainment contracts to the NAFI manager to whom contracting authority has been delegated. Insert other letters in position 9, if desired, to identify the type contract, i.e., "E" for entertainment contracts, "I" for individual services contracts, etc. The AFNAFPO and SCO use different numbering systems.

## Chapter 11

### PURCHASE AND DELIVERY ORDERS AND BLANKET DELIVERY ORDERS

#### 11.1. Purchase Orders:

**11.1.1. General.** Purchase orders (PO) are used to buy supplies and services from open market sources. A purchase order is an offer to purchase certain supplies or services from a firm pursuant to the terms and condition of the order. A binding contract comes into being when the firm accepts the order. The firm signifies acceptance in writing, or by furnishing the supplies or services, or by proceeding with the work to the point where substantial performance has occurred. A purchase order obligates the NAFI to pay the amount stated on the order if the contractor completes performance pursuant to the terms and conditions of the order.

**11.1.2. Purchase Order Forms.** AF Forms 2209 or 2209-1 is used to issue an order. DD Form 1155 is used by the SCO to purchase NAFI needs. AF Form 2210 is attached to the copy of the order sent to the contractor. AF Form 2210 is omitted from other copies of the order if a copy is kept on file for reference. File a copy of AF Form 2210 with the first PO issued each fiscal year and annotate the purchase order register with an entry to reflect the date of form being used. When a revised AF Form 2210 is published, file a copy of reference use with the outdated form and with the next purchase order issued. Annotate the register as set forth above.

**11.1.3. Confirmation Purchase Orders.** Complete Purchase Orders in advance, unless an oral order is used to expedite receipt of supplies. When placing an oral order, obtain the name of the person who accepted the order and inform the individual that a confirmation written order will be issued promptly. Use the following example to mark the confirmation order in capital letters as the first entry in the schedule:

"DO NOT DUPLICATE SHIPMENT CONFIRMATION OF ORAL ORDER DATED 1 MAY 94 WITH MS KELLEY SMITH"

**11.1.4. Unilateral Purchase Orders.** A unilateral purchase order is signed only by the contracting officer. It constitutes an offer to pay for the delivery of supplies or performance of nonpersonal services and does not require written acceptance by the contractor. The offer does not establish a binding contract or assure compliance with the terms and conditions of the order. The contracting officer can withdraw, modify, or cancel the order by written notice to the firm at any time before acceptance occurs. (See paragraph [9.1.1.](#))

**11.1.5. Bilateral Purchase Orders.** A bilateral purchase order is signed by both the contracting officer and the contractor. This type of order creates a binding contract between the NAFI and contractor.

#### 11.1.6. Numbering and Distributing Purchase Orders:

11.1.6.1. Use the numbering system prescribed in [Chapter 7](#).

11.1.6.2. Distribute purchase orders as printed on the bottom portion of the form. Send a copy of the order to the servicing Water Port Logistics Office (WPLO) when a shipment will be transshipped through a CCP or POE. When an air shipment has been approved by AFDCO/DSTLX,



Wright Patterson AFB OH, send a copy of the order to the AFNAFPO for scheduling the shipment with the contractor. (See AFNAF PI No. 1.)

**11.1.7. Changes to Purchase Orders.** See paragraph 14.8. for detailed instructions about pen and ink corrections, cancellation, modification and termination of orders:

**11.1.8. Purchase Orders for Subscriptions.** Purchase orders for subscriptions to periodicals for which advance payment may be authorized contain a statement similar to the following: "Contractor's invoice is submitted before payment can be made. Contractor is paid on the basis of the contractor's invoice which states the starting and ending dates and indicates that orders have been placed in effect for addresses required, or that the orders will be placed in effect upon receipt of payment."

**11.1.9. Purchase Orders Outside the United States.** POs issued outside the United States contain the following provision if translated into a foreign language: "Inconsistency Between English Version and Translation of Contract. In the event of inconsistency between any terms of this contract and any translation thereof into another language, the English language meaning shall control."

**11.1.10. Unpriced Purchase Order:**

11.1.10.1. An unpriced purchase order is an order for supplies or services, the price of which is not established at the time of issuance of the order.

11.1.10.2. An unpriced purchase order is used only when it is anticipated that the transaction will not exceed the contracting officer's dollar limitation for the action, it is impractical to obtain price in advance of issuance of the purchase order, the purchase is for repairs to equipment requiring disassembly to determine the nature and extent of repairs, material available from only one source and for which cost cannot be readily established, or supplies or services for which prices are known to be competitive but exact prices are not known (e.g., miscellaneous repair parts, maintenance agreements).

11.1.10.3. A realistic monetary limitation, for each line item or for the total order, is placed on each unpriced purchase order. The monetary limitation is an obligation subject to adjustment when the firm price is established.

11.1.10.4. The clause entitled "Notice to Suppliers", at FAR 52.213.3, is made a part of the order.

**11.2. Delivery Orders:**

**11.2.1. General.** A delivery order (DO) is an order for delivery of supplies or nonpersonal services issued against an existing contract or agreement. There is no dollar limitation for issuance of delivery orders, unless the basic contract or agreement specifies a dollar limit. A binding contract occurs when a delivery order issued against a basic contract or agreement is signed and mailed.

**11.2.2. Delivery Order Forms.** Use the same forms as those prescribed for purchase orders. AF Form 2210 is not used with delivery orders. Check the block on AF Form 2209-1 for "Delivery Order". Include the following statement in the schedule on delivery orders issued against GSA FSSs, DLA SBs and SCO ID type contracts. "If the basic contract or agreement contains the clause titled (Disputes (APR 84),) reference FAR 52.233-1." Much of paragraph (f) which reads "or files a suit" and all of paragraph (g) does not apply, except for payment of interest on Prompt Payment Act claims."

**11.2.3. Changes to Delivery Orders.** Pen and ink corrections of typographical and other administrative errors are authorized for delivery orders and modifications thereto. If the delivery order has been distributed, the contracting officer notifies all recipients about the corrections. A unilateral modification is used to correct typographical and other administrative errors.

**11.2.4. Cancellation or Termination of Delivery Orders.** A delivery order may be canceled before the contractor commences performance, providing the firm agrees to the cancellation. Use the procedures in [Chapter 14](#) to terminate a delivery order, unless the basic contract or agreement specifies that termination of delivery orders will be the responsibility of the contracting office that entered into the basic contract or agreement.

### **11.3. Blanket Delivery Orders:**

**11.3.1. General.** A blanket delivery order (BDO) provides an efficient way of ordering supplies and services under prepriced contracts. The contractor is contacted to determine if the firm will accept a BDO. The period of time covered is clearly stated on the BDO. The names of individuals, including position title, authorized to place calls and dollar limitation per call is attached to the BDO. An Order/Entry Register or AF Form 1408, or both, is used to keep a record of calls made against a BDO. The total estimated dollar amount is entered on the BDO.

**11.3.2. BDO Forms.** Use AF Form 2209 or 2209-1 to establish the BDO after contacting the contractor about accepting a BDO. AF Form 2210 is not used with a BDO. Include the statement in paragraph [11.2.2.](#) as the first entry in the schedule, except when a BDO is issued against an Air Force NPA.

**11.3.3. Changes to BDOs.** Use the procedures prescribed for DOs in paragraph [11.2.3.](#)

**11.3.4. Cancellation and Termination of BDOs.** Use the procedures prescribed for DOs in paragraph [11.2.4.](#)

**11.4. Claims on NAF Contracts and Funding.** The contracting officer immediately notifies the custodian and the SJA in writing when a claim is filed by a contractor, including the amount claimed by the contractor, then proceed with actions to resolve the claim. The base level custodian immediately notifies any higher level command that funded the contract about the claim and amount being claimed by the contractor. Use a message to expedite receipt of the notification.

**11.4.1. Claims Arising Out of Contract Arrangements.** Claims that arise out of contract arrangements, either for or against a NAFI, are adjudicated and settled according to the procedures provided by the disputes clause in the contract. All claims are referred to the contracting officer for appropriate action.

### **11.4.2. Funding of Claims:**

11.4.2.1. MAJCOMs, FOAs, or DRUs fund all NAF Contract claims, regardless of the dollar amount for command funded and administered contracts, unless successor funds are needed to pay the claim.

11.4.2.2. Additional NAFs are obtained by the contracting officer from the custodian before commitment of NAFs to settle a claim, when the amount of funds on the PR would be exceeded. The custodian is responsible for notifying any higher authority of the exact amount of NAFs needed to settle the claim.

**11.5. Proof-of-Shipment Procedure (Overseas Only).** Under the proof-of-shipment procedure goods are accepted for payment when received by the common carrier or by a government representative at the CCP or POE. Inspection of goods is waived until receipt at final destination. The NAFRMS makes prompt payment on receipt of a proper invoice and proof of shipment to avoid payment of interest pursuant to the Prompt Payment Act, Public Law 97-177. Any claim for loss of or damage to goods is processed pursuant to instructions in [Attachment 4](#).

## Chapter 12

### NAF BLANKET PURCHASE AGREEMENTS (BPA)

#### 12.1. General:

12.1.1. BPAs provide a simplified method of purchasing recurring needs (supplies or services) by establishing monthly charge accounts with qualified sources. BPAs reduce administrative costs since separate purchase orders and multiple payments are not necessary. A BPA is limited to furnishing individual items, or commodity groups or classes, or it is unlimited for all items or services that the source can furnish.

12.1.2. The NAF contracting officer negotiates BPAs to provide sources of supply for NAF activities. BPAs state a specific period of time. BPAs are either unilateral (signed by the contracting officer) or bilateral (signed by the contracting officer and contractor). A purchase request is not required to establish a BPA.

**12.1.2. (AFRC)** The SCO issues NAF BPAs if there is no NAF contracting officer or if the SV squadron commander requests SCO assistance.

12.1.3. The contracting office provides the BPA contractor a list that indicates the dollar limitation, position title and organization of persons authorized to make calls against the BPA. The NAF contracting officer can include the names of individuals authorized to place calls and prepare AF Form 1408, along with the position title. Since it is very difficult to keep the listing of names current due to constant personnel changes, adding the names is not recommended. An authorization to place calls against a BPA is not a delegation of contracting authority.

12.1.4. BPAs are established with firms from which several individual purchases would otherwise be made. If past experience has shown that certain firms are dependable and consistently lower in price than other firms dealing in the same commodities, and if small purchases are usually made from such suppliers, it is advantageous to establish BPAs with those firms. To the extent practical, BPAs for items of the same type are placed with more than one supplier. All competitive sources are given an equal opportunity to furnish supplies or services under BPAs.

12.1.5. If it is determined that BPAs are advantageous, suppliers are contacted to make the necessary arrangements for negotiating trade and prompt payment discounts, documenting the individual call transactions, periodic billing, and other necessary details.

#### 12.2. Forms, Clauses and Numbering BPAs:

12.2.1. Prepare BPAs on AF Form 2209 or 2209-1. Use AF Form 2210, with AF Form 2209 or 2209-1 to establish a BPA. Terms and conditions for prepriced and unpriced BPAs are in paragraph [12.9](#). Special provisions covering the purchase of meat, dairy products, and other perishable commodities are added as appropriate. Fixed assets/capital investment NAF property are not authorized for purchase by use of a BPA.

12.2.2. Number BPAs the same as contracts, except a capital "A" is inserted in the ninth position. A sample number for the NCO Club, Randolph AFB TX would be RANDFX13A001.

**12.3. Review Procedures.** The NAF contracting officer or his or her agent reviews BPAs annually to ensure authorized procedures are being followed and, if necessary, update the terms and conditions of the contract by use of a bilateral modification. During the review evaluate the number and types of BPAs to determine if some of them should be canceled and BPAs issued to new suppliers.

**12.3. (AFRC)** The SCO reviews those BPAs issued by the SCO. In considering frequency of use, three calls per month are generally considered sufficient to continue a BPA.

**12.4. Call Limitations for Prepriced and Unpriced Blanket Purchase Agreements (BPA).** Call limitations are covered in paragraph 4 of the terms and conditions. (See paragraph [12.9.](#))

**12.5. Prepriced BPAs.** Use a prepriced BPA when the items to be ordered have relatively stable prices.

12.5.1. The prepriced BPA enables the NAF contracting officer to provide prepriced BPA sources for supplies and services, yet keep to a minimum the administrative burden imposed on NAFIs. Prepriced BPAs work extremely well for frequently ordered resale items.

12.5.2. Price lists covering specific periods of time are obtained from each prepriced BPA holder by the NAF contracting officer in an original and one copy. The price lists cover annual, semi-annual, quarterly, monthly, weekly or other periods of time agreed to by the contracting parties. Old price lists are destroyed one year after the expiration date. Old price lists that have been distributed to the using NAFI are destroyed when no longer needed.

12.5.3. The NAF contracting officer reviews, approves, date stamps, and distributes a copy of each price list to the NAF activities authorized to place calls and files the original copy of the price list. If a sufficient number of BPA sources exist for the same item, including those for resale, to ensure adequate competition, the ordering NAFI selects the most economically priced item. If it becomes necessary to order an item other than the lowest priced item because of delivery time, quality, or for some other reason, the ordering NAFI documents the BPA file with justification to support the call. If less than two BPA contractors are available for price competition, compete open market needs over \$2,500 with non BPA holders.

**12.5.3. (AFRC)** If the SCO issues the BPA, the SCO reviews, approves, date stamps and distributes a copy of each price list to the NAF activity and to the servicing NAF finance office.

12.5.4. After price lists have been distributed, NAF activities authorized to place calls do not negotiate or solicit price from BPA holders for items covered by the price lists. However, the contracting office may place calls to a BPA holder at less than the listed price when a voluntary price reduction is offered by the firm offering the original low price. Indicate voluntary price reductions on the order/entry register or AF Form 1408, and the contractor's invoice. No reasonableness of price determination is required for calls made against prepriced BPAs. The contracting officer has determined prices fair and reasonable prior to having price lists date stamped and distributed.

12.5.5. Purchase items not on existing prepriced BPAs separately under established NAF contracting authority, and send information about the item to the contracting officer for inclusion of the items on a price list.

**12.6. Unpriced BPAs.** Use an unpriced BPA when the items to be ordered do not have stable prices.

12.6.1. Use this type of BPA to contract for supplies or services when it is not feasible or practical to preprice the items.

12.6.2. Establish unpriced BPAs when there is a wide variety of items in a broad class of goods (e.g., hardware, electrical, plumbing, flowers, pastries, etc.) that are frequently purchased but the exact quantities, prices and delivery needs are not known in advance and may vary considerably.

12.6.3. Establish the price and delivery date when a call is placed against an unpriced BPA. Obtain competition, when required, at the time the call is placed.

12.6.4. A pricing agreement is negotiated and placed in the BPA file. This agreement usually covers a prompt payment discount and trade discount percentage mark-off from the firms retail price. The NAF contracting officer will keep the pricing agreement on file.

## 12.7. Documenting Calls:

**12.7.1. Forms.** AF Form 1408, or a locally developed computer listing is used to document calls at the activity and a copy is forwarded to the NAFRMS, a copy is filed with the BPA or if filed separately, a cross reference is made in the BPA file. Calls are numbered in sequence for the fiscal year. The original copy of AF Form 1408 or computer listing is kept at the activity.

**12.7.1. (AFRC)** If the SCO issued the BPA, forward an additional copy of the AF Form 1408 to the SCO.

**12.7.2. Oral Calls.** Except for bread, milk and other items for which daily or weekly needs are set at the time of drop delivery, an Order/Entry Register is used to show the items ordered when the call is placed with the contractor. If the receiving activity is separated from the ordering office, a copy of the Order/Entry Register or DD Form 250 is sent to the receiving activity for use in checking in the goods. Use the Order/Entry Register and delivery ticket, sales slip or invoice given by the contractor at the time of delivery to determine whether the quantities ordered are received. The person receiving the goods notes any exceptions under the column for quantity received. Completes the other columns, then signs and dates the form. Attach the delivery ticket, sales slip or invoice to the Order/Entry Register and send it to the AO as required by AFI 34-209.

**12.7.3. Written Calls.** Use AF Form 2209 or 2209-1 to make a written call against a BPA.

**12.8. Administration of BPA Calls.** The NAF activity that placed the call takes follow-up action when supplies are not delivered by the time specified. Adjustments are made or the call canceled if items are no longer required. The NAF activity notifies the NAF contracting officer in writing about BPA contractors who are consistently late on deliveries. Any problem that cannot be resolved by the NAF activity manager with a BPA contractor, is referred to the contracting officer for resolution.

**12.9. Terms and Conditions for BPAs.** Use the following terms and conditions for BPAs. Select the appropriate options before having a prepriced or unpriced BPA format typed:

### 12.9.1. Description of Agreement:

**12.9.1.1. Option 1. Prepriced Blanket Purchase Agreement (BPA).** This BPA is for \_\_\_\_\_, covered by \_\_\_\_\_ (insert period of time) firm fixed price lists. The contractor will furnish the supplies or services called for by the contracting officer or his or her authorized representatives for the period \_\_\_\_\_ through \_\_\_\_\_. Price lists and any addenda thereto for new items will be submitted to the NAF contracting officer in sufficient time to permit review, approval, and distribution to activ-

ity managers before the effective date. The price for new items is agreed to by the contracting officer and contractor and added to the price list as an addendum.

**12.9.1.2. Option 2. Unpriced Blanket Purchase Agreement (BPA).** This Unpriced BPA is for \_\_\_\_\_. The contractor will furnish the supplies or services called for by this agreement when requested by the contracting officer or his or her authorized representatives for the period \_\_\_\_\_, through \_\_\_\_\_. Price(s) is/are determined before the call is placed. (**NOTE:** Use Option 1 for Prepriced BPAs and Option 2 for Unpriced BPAs.)

**12.9.2. Extent of Obligation.** NAFs are only obligated to the extent of calls actually placed against this BPA.

**12.9.3. Pricing.** Prices quoted to NAFIs are as low as or lower than those charged the contractor's most favored customer, for equal quantities, in addition to any trade discount or prompt payment discount.

**12.9.4. Dollar Call Limitations:**

**12.9.4.1. Option 1. Use with BPAs for Supplies.** Authorized NAFI personnel place calls against this BPA not-to-exceed \$2,500 without competition and \$5,000 with competition for non-resale items and unlimited for resale items including subsistence, aviation fuel and oil.

**12.9.4.2. Option 2. Use with BPAs for Services.** Authorized NAFI personnel place calls against this BPA not-to-exceed \$2,500 within the United States and \$5,000 with competition outside the United States.

(**NOTE:** Select one option.)

**12.9.5. Authorization To Place Class and Dollar Limitation:**

**12.9.5.1. Option 1.** The contracting officer gives the contractor a listing indicating the position title, organization, and dollar limitation for those positions authorized to place calls.

**12.9.5.2. Option 2.** The contracting officer gives the contractor a listing indicating the position title, organization, dollar limitation, and names of individuals authorized to place calls. (**NOTE:** Select one option.)

**12.9.6. Call Procedures.** Calls are oral or written; if written, use AF Form 2209 or 2209-1.

**12.9.7. Delivery Date for Calls.** Persons authorized to place calls establish a delivery date with the contractor for each call made, unless delivery terms are specified in this agreement.

**12.9.8. Delivery Ticket, Sales Slip, or Invoice:**

12.9.8.1. Deliveries or shipments are accompanied by an original and one (1) copy of a delivery ticket, sales slip, or invoice. The delivery ticket, sales slip, or invoice contains enough of the following data to identify the call and permit manual or automated processing: name of contractor; BPA number; date of call; call number; itemized list of supplies or services; quantity; unit price; and extended total for each item; less trade discount (if applicable); and date of delivery or shipment.

12.9.8.2. The people at the activity responsible for receiving the merchandise or services sign and date each copy of the delivery ticket, sales slip, or invoice and forward the original to the NAFRMS.

**12.9.9. Summary Invoice (Monthly Statement).** A summary invoice (original copy only) is sent to the NAFRMS within 7 calendar days after the end of each month or when this BPA expires, whichever occurs first, for all deliveries made during the monthly billing period. The summary invoice (monthly statement) contains the information required by the clause titled "Invoices" of AF Form 2210.

**12.9.10. Payment Terms.** Payments are made pursuant to the following terms:

**12.9.10.1. Consolidated Monthly Payments.** Payments are made on or before the \_\_\_\_ of each month for all supplies or services accepted for the previous month, providing a proper summary invoice is received by the \_\_\_\_ of the month. If a proper summary invoice is received later than the \_\_\_\_ of the month, payment is made within \_\_\_\_ calendar days after receipt of the invoice or acceptance of the supplies or services, whichever occurs later. If a summary invoice is not required, payment is made on or before the \_\_\_\_ of each month.

**12.9.10.2. Payment on Individual Calls.** Per mutual agreement of the contracting parties, payment covering a large dollar amount is made on individual calls. In addition, individual invoices are submitted, processed and paid for each delivery which consists of the following:

- Meat, meat food products, poultry meat, poultry meat food products, eggs, egg products or a combination of the foregoing.
- Perishable agricultural commodities.

**12.9.11. Contractual Contents.** This Contract consists of the following documents:

12.9.11.1. Schedule (AF Form 2209 or 2209-1, items 1 through 11). Pages 1 through \_\_\_\_.

12.9.11.2. AF Form 2210 (Clauses 1-\_\_\_\_)....Pages 1 through \_\_\_\_.

12.9.11.3. Special Provisions, (paragraphs 1-\_\_\_\_)....Pages through \_\_\_\_.

(**NOTE:** Add special provisions covering the purchase of meat, perishable dairy products, and other items. See your SCO for guidance and updated special provisions.)



## Chapter 13

### SPECIAL TYPE CONTRACTS AND AGREEMENTS

#### 13.1. Contracting for Entertainment. See [Attachment 5](#).

13.1.1. Use this contract format to award entertainment contracts in the 50 states and the District of Columbia. Commercial entertainment can be purchased non-competitively by group or act name. Entertainment contracts require legal review if a change is made to the prescribed format. The contractor's social security number is required on the signature page to process IRS Form TD 1099. The use of appendix A is optional for use at base level when it is not necessary to enforce the performance of any particular entertainer. The use of Appendix A is necessary for entertainment contracts when social security numbers of performers are needed to obtain clearance for Air Mobility Command (AMC) flights.

13.1.1.1. Purchase entertainment directly from the group or act when possible. If a 50 percent or more of the entertainment contracts awarded during a fiscal year involve groups or acts represented by a single agent or agency, prepare a justification and keep it with the file.

13.1.1.2. Note that contracts formed directly with booking agents, under which the agents assume responsibility for providing entertainment groups or acts to meet NAFI entertainment requirements on a continuing basis restrict the opportunities of groups or acts not represented by the agents selected. Do not use this type of contract except in cases where they are clearly in the best interest of the purchasing NAFI and this fact is documented in the contract file. Use the entertainment contract format for such contracts. Use revisions to reflect the obligations of the agent and to incorporate requirements for the types and quality of groups or acts desired. The servicing SJA will review this type of contract.

13.1.1.3. Limit contracts directly with a limited number of agents, under which each assumes responsibility for meeting part of the purchasing NAFI's entertainment requirements, to 1 year in duration. Rotate such contracts among all available reputable agents.

13.1.1.4. Limit contracts directly with one agent under which that agent assumes responsibility for meeting all of the purchasing NAFI's requirements to 6 months in duration. Extensions are not authorized. Select the agent involved on a competitive basis, except where only one agent or agency is available.

13.1.1.5. Use a BOA to contract for entertainment with decentralized orders issued against the BOA by activity managers. Most of the provisions on the entertainment contract format are embodied into the BOA to protect the interests of the NAFI. A BOA covers terms and conditions, general provisions (clauses), and can include pricing for entertainment units (price for 1 performance or 2 performances per day and time for each performance). Treat travel and per diem (lodging and meals) as variable items of cost which are negotiated and listed separately on the delivery order issued against a BOA:

13.1.1.6. Note that the clauses titled "*Equal Opportunity*" (FAR 52.222-36) and "*Clean Air and Water*" (FAR 52.223-2) do not apply to entertainment contracts. For entertainment contractors who are members of the American Federation of Musicians Union and who object to the use of the

disputes clause in AF Form 2210, delete it and use the Disputes clause that appears below. Document the file.

*"DISPUTES (1977 DEC). This clause is applicable to agents and entertainment units that are affiliated with the American Federation of Musicians of the United States and Canada. In accordance with the Constitution, by-laws, Rules and Regulations of the American Federation of Musicians, the parties will submit every claim, dispute, controversy, or difference involving the musical services arising out of or connected with this contract and the engagement covered thereby for determination by the International Executive Board of the Federation and such determination shall be conclusive, final, and binding upon the parties. Pending final decision on such a dispute, however, the contractor shall proceed diligently with the performance of the contract and in accordance with the decision of the contracting officer unless directed to do otherwise by the contracting officer."*

### **13.2. Aircraft Lease Agreement Format. See [Attachment 6](#).**

13.2.1. Do not use AF Form 2210 when using the lease agreement. The contractor's social security number is required on the signature page to process IRS Form TD 1099. Lease agreements that do not deviate from the approved format do not require legal review or HQ AFSVA approval. In this case, the contracting officer and the contractor (lessor) sign the lease agreement including Annex A. Before any leased aircraft is operated, the NAFRMS must send a message or FAX to HQ AFSVA/SVXC, with an information copy to HQ AFSVA/SVP, stating the aircraft make, model, year, FAA registration number, total number of seats, declared value and date obtained as described in AFI 34-117, *Air Force Aero Club Program*. The club cannot operate the aircraft until written approval is received from HQ AFSVA/SVXC. When approval has been received by the aero club, the NAF contracting officer will submit a copy of the completed lease agreement to HQ AFSVA/SVXA to enter the aircraft into the appropriate Air Force insurance program.

13.2.2. For Articles 3, 4, and 5, use either of the standard format options. Article 3, Insurance Options, cannot be changed. Modify Articles 4, 5, and 6 as necessary, after obtaining legal review. When complex aircraft are involved, Article 7 can be changed to "Private Pilot or Higher" without legal review. Obtain the signature of the contractor (lessor) on Annex A beforehand to expedite acceptance of the aircraft.

13.2.3. Note that Article 25 of the lease agreement format includes an option to extend the term (period of performance) of an aircraft lease agreement in increments of one year. Delete this provision if it is not appropriate. Any negotiated hourly rate increase cannot be more than the national consumer price index. The aero club manager notifies HQ AFSVA/SVQ of any extension of the lease, and request that the aircraft be included in the Air Force NAF Self-Insurance Program. Make notification to HQ AFSVA/SVQ by message. The message will include the contract number, registration number of aircraft, revised value of the aircraft, and the period covered by the extension. Use SF 30, as a Supplemental Agreement (bilateral signed modification) to extend the contract period and to establish a new hourly rate. Send a copy of the modification to HQ AFSVA/SVQ.

**13.3. Flight and Ground Instructors Contract Format. See [Attachment 7](#).** Delete the Hold and Save Harmless Clause on AF Form 2210 because the provision titled "Insurance" of the contract format replaces it. The contractor's social security number or tax ID number is required on the signature page to process IRS Form TD 1099, **Statement for Recipients of Miscellaneous Income**. The contract does not require legal review unless the contract schedule or appendices A through C are changed.

**13.4. Individual Service Contract (ISC) Format.** See [Attachment 8](#).

13.4.1. Note that the contractor's social security number is required on the signature page to process IRS Form TD 1099. Delete Clause 16 on AF Form 2210 since paragraph 4 of the ISC format contains a special Hold and Save Harmless provision. If the prescribed format of Appendix A or B is changed, obtain legal review. Once SJA has approved a change, subsequent ISCs with the same change do not require legal review.

13.4.2. Use an ISC to contract with a specified individual for his or her services requiring unique skills, experience or knowledge. An ISC will meet all of the following criteria:

- Only the individual specified on the contract will perform the services.
- Base compensation on a per job basis or a fixed amount per student basis, if negotiated with an instructor. Provide compensation on an hourly rate basis if the number of hours for which the individual is paid is based on performance of a job. Appendix B will specify that payment will be made on a per job basis.
- Obtain competition whenever practicable, unless sole source purchasing is justified and documented in the ISC file or the total amount of the contract is reasonably expected to be \$2,500 or less.
- The ISC cannot exceed one year.
- The ISC cannot create an employer/employee relationship as defined by AFI 34-301, *NAFI Personnel Management*.

13.4.3. Consider the 20 common law factors in [Attachment 18](#) to determine whether an employer-employee relationship will result. Rights, benefits, and privileges that accrue to NAFI payroll employees do not apply or accrue to a person who furnishes services under an ISC.

13.4.4. Do not use ISCs in the following situations:

- For child care supervisor or attendant (caregiver) services in child care centers.
- For preschool teacher services in child development centers.
- For services that the individual is obligated to provide the NAFI as a result of his or her military or civilian employee position.
- For construction services requiring skilled or unskilled labor to construct, repair or renovate MWRS facilities or grounds. Construction includes painting.
- For services by an employee of the activity which creates a conflict of interest. The legal office shall review ISC contracts with an employee of the contracting activity to ensure that there is no conflict of interest.
- For services by a person where the relationship violates standards of conduct prescribed by the JER.
- For services when the contract stipulates a fixed return or provides for a percentage of income to the NAFI.

13.4.5. If a conflict of interest is likely to occur or an employer-employee relationship is probable, request guidance in writing from your servicing SJA or Civilian Personnel Office as appropriate. ISCs are not subject to FAR 37-104, but the guidance therein is useful in determining if an employer/employee relationship would occur.

13.4.6. The contracting officer obtains a total dollar estimate prior to contract award. Competition is required on purchases in excess of \$2,500.00. The file must contain justification on any noncompetitive action in excess of \$2,500.00.

### 13.5. Nonpersonal Services:

13.5.1. A nonpersonal services contract is one that is negotiated with a contractor (individual, partnership, or corporation) who agrees to provide the required services, and in which the particular individuals who are to perform the services are not named. If an individual operating as a contractor provides the services and no service employees are employed to perform the services, the SCA does not apply. Examples of nonpersonal services contracts are contracts for custodial, vegetation control (grass cutting, tree shrubbery and lawn care), flight dispatcher (clearing authority) and repair or maintenance of equipment.

13.5.2. The *Service Contract Act of 1965*, as amended, applies in the United States. (See terms explained in [Attachment 1](#)).

13.5.3. Use AF Form 2209 or 2209-1 to purchase nonpersonal services in the United States that cost \$2,500 or less. Compete requirements in excess of \$2,500, unless sole source justification is adequately documented and included in the contract file. For services amounting to \$2,500 or less, the Fair Labor Standards Act requires the contractor to pay its service employees at least minimum wage. Services in excess of \$2,500 require wage rates covering service employees. Such requirements are sent to the SCO for purchase. The custodian or his or her agent prepares a concise performance work statement (PWS), commonly referred to as "Statement of Work (SOW)", and sends it to the SCO along with the purchase request. If the SCO does not have a wage determination covering the services, use a Standard Form 98A to identify and classify labor category rates obtained from the civilian personnel office when available. Send the SF 98A to the SCO with the purchase request and PWS. See [Chapter 5](#) for more detailed guidance about the Service Contract Act of 1965. AFI 64-108, *Service Contracts*, provides guidance covering the preparation of a detailed PWS for needs in excess of \$25,000.

**13.6. Consignment Contract Format.** See [Attachment 9](#). SJA review is required if the prescribed format is changed. Delete the hold and save harmless provision of AF Form 2210.

**13.7. Charter Flight and Tour Desk Concessionaire Contract Format.** See [Attachment 10](#). SJA review is required if the prescribed format is changed.

**13.8. Ticket Consignment Agreement.** See [Attachment 11](#). This contract format is optional for use in contracting for tickets. Obtain legal review if the prescribed format is changed.

**13.9. Credit Card Contract.** See [Attachment 12](#). Use a credit card contract if the contract replaces in full or in part, the current accounts receivable and dues collection function. Attach AF Form 2210 with the Credit Card contract format. No "buy back provision" is authorized for use in a Credit Card Contract, except for certain dues and sales drafts as specified in Article III, paragraph F, of the prescribed format. The Service Contract Act is not applicable to this type of service contract. Forward a copy of the contract to reach HQ AFSVA/SVF not less than 30 days before the effective date of the contract. A cost analysis is not required. Legal review is required if the prescribed format is changed. After award take prompt action to comply with AFI 34-209.

**13.10. Merchant Agreement:**

13.10.1. No contract format is provided because each bank uses different terms and conditions in their format. Use a credit card merchant agreement when NAFIs want to accept one or more nationally recognized credit cards. The *Service Contract Act of 1965* does not apply to this type of service contract. A cost analysis is not required. Make the mandatory provisions in [Attachment 6](#) part of the agreement. Include a "buy back" provision covering disputed sales drafts in the agreement. Implement this provision only in the event the agreement is terminated. Attach the mandatory clauses in AF Form 2210 with the merchant agreement format used by the bank. Prior to award of the contract, obtain approval from HQ AFSVA/SVF. A copy of the contract is forwarded to reach HQ AFSVA/SVF not less than 30 days before the effective date of the contract. Legal review is required prior to award of a Merchant Agreement.

13.10.2. Prior to soliciting for an Electronic Draft Capture (EDC) credit card provider, contact HQ AFSVA/SVFB (DSN 487-3990) for general information on EDC terminals, explanation of terminal deposit settlements, and locations where PC settlement packages are currently in use.

13.10.3. HQ AFSVA/SVFB will review and approve all credit card merchant agreements prior to implementation. This will assure that all cash management interfaces have been accomplished with the concentration bank. The credit card provider must remit payment to the concentration bank by using standard Automated Clearing House (ACH) procedures. HQ AFSVA/SVFB will provide critical information which the processor must include in the Entry Detail Record of the ACH Cash Concentration or Disbursement (CCD) format to the processor upon contract award.

**13.11. Concessionaire Contract Format. See [Attachment 13](#).**

13.11.1. Obtain legal review if the prescribed format is changed. Concessionaire contracts that cover 60 days or less and are written on a format previously approved by the servicing SJA do not require legal review. Obtain Support Group Commander approval before awarding a concessionaire contract. (See AFI 34-201, *Use of Funds*.)

13.11.2. Obtain advance approval from AFSVA/SVH to operate an open mess, golf course, bowling center, child care center, or any part thereof as a concession, except for NAF activities currently operated by use of a concessionaire contract.

13.11.3. Note that concessionaire contracts stipulate a fixed return to the NAFI or provide for a percentage of the income. Use the gross amount, not just the NAFI share, to determine the total amount.

**13.12. Contracting for Construction Services:**

13.12.1. Use an AF Form 2209 or AF Form 2209-1 with An AF Form 2210 for construction within the dollar limits prescribed in paragraph [2.1](#). In addition, contact the SCO and obtain special FAR construction clauses and attach them to the order as additional general provisions. Do not split construction services into increments or separate labor from materials to circumvent the dollar limitations in [Chapter 2](#). Exclude government or NAFI furnished equipment and supplies from the dollar limits.

13.12.2. Coordinate construction services with the Base Civil Engineer (BCE) prior to issuing a purchase order. When necessary, make arrangements for BCE inspectors to inspect and accept the work.

**13.13. Contracting for Training and Education.** Use nonappropriated or appropriated funds, when authorized, to contract for vocational training and part-time college level education of NAF personnel. Compete training and education needs in excess of \$2,500 among commercial firms or educational institutions, unless adequate sole source justification is included in the contract file.

13.13.1. Vocational training is conducted at the contractor's facilities or, when practical, at an Air Force installation. Such training includes but is not limited to on-the-job, classroom, and apprenticeship training, designed to increase the vocational effectiveness of NAF personnel. Costs include training materials and textbooks, unless paid for separately by NAF personnel and reimbursed. Negotiated contracts state if the total contract price includes per diem costs covering lodging and meals.

13.13.2. Part-time college level education is conducted at the contractor's educational institution facilities or, when practical, at an Air Force installation. Part-time college education includes undergraduate or graduate level courses. Costs include fees and tuition charged by the educational institution. Training materials and textbooks are also included, unless paid for separately by NAF personnel and reimbursed. Contracts state if the total contract price includes per diem costs covering lodging and meals.

**13.14. Purchase of Advertising.** See AFIs 34-201 and 34-101, *Services Programs and Patron Eligibility*, for detailed guidance on purchase of advertising.

## Chapter 14

### CONTRACT ADMINISTRATION

**14.1. Introduction.** Contract administration covers actions necessary to ensure compliance with the terms and conditions of the order or contract. It includes, but is not limited to, the resolution of problems associated with shipments (loss or damage to goods), filing claims, payments, modifications and terminations.

**14.2. Receipt of Orders or Contracts.** Use an AF Form 74, **Communication Status Notice Request**, when mailing an order or contract to a contractor. Suspend the order or contract file for followup action 14 calendar days (CD) after mailing the AF Form 74 to the contractor. For NAFIs located overseas 14 CD may not be enough mailing time to receive a reply from a CONUS contractor. If AF Form 74 acknowledging receipt is not received from the contractor in the appropriate time span contact the firm to find out if the order or contract was received.

**14.3. Followup On Orders.** Place all orders in a suspense file until supplies are received, services are rendered, or the order is terminated or canceled. Create a cross-reference by entering the actual delivery date in the remarks column of AF Form 1409. Check the suspense file often to make sure timely follow-up action is taken. Suspend orders for follow-up as follows:

**14.3.1. Follow up on orders requiring delivery direct to NAFIs:**

14.3.1.1. Suspend the order file for followup action seven calendar days (CD) after the delivery date. Contact the receiving activity to determine whether the supplies have been received or services rendered or if further followup is necessary.

14.3.1.2. After contacting the contractor resuspend the order file for followup action within a reasonable length of time, until delivery has been made or the order is terminated or canceled. If the delivery date is extended by issuance of a modification, resuspend the order for followup seven CD after the new delivery date.

14.3.1.3. If a contractor fails to make delivery or correct a delinquency after followup action, and has not given a just reason for the delay, cancel the order if in the best interest of the NAFI. Use a SF 30.

**14.3.2. Follow up on orders issued by the NAF contracting officer that require delivery to a CCP, POE or APO.**

14.3.2.1. Suspend the order for followup seven CD after the delivery date and contact the contractor by phone or in writing. Use a letter to determine whether the supplies were mailed or shipped in time to meet the delivery date to the APO, CCP or POE.

14.3.2.2. If the contractor has not mailed or shipped the supplies, suspend the order for followup within a reasonable length of time. Continue to perform follow-up until the contractor mails or ships the supplies or the order is canceled or terminated. If the delivery date is extended by a modification, resuspend the order for followup seven CD after the new delivery date.



14.3.2.3. Follow up after the contractor confirms that the supplies were mailed or shipped.

- If the supplies were mailed and have not been received within 30 CD after the delivery date to the APO address, send a letter to the contractor requesting tracer action.
- If the supplies were shipped and have not been received within 30 CD after the delivery date to the CCP or POE, send a message to Air Force Distribution Control Office (AFDCO) Wright Patterson AFB OH//DSTLX// requesting shipment status. The message must cite the transportation control number (TCN), order number, name of firm, delivery date, and items not received. If the AFDCO has no record of the shipment and the order was issued by the AFNAFPO, send a message requesting assistance to HQ AFSVA Randolph AFB TX//SVC//.

#### **14.4. Contract Administration of Orders Issued by AFNAFPO:**

14.4.1. The AFNAFPO manages by exception orders requiring shipments to NAFIs located in the CONUS. This means that the order is filed in a completed file without follow-up action being taken by the AFNAFPO. The NAFRMS is responsible for taking follow-up action on these orders. The NAFRMS notifies the AFNAFPO by letter or message when problems are encountered which require resolution by the contracting officer (for example, disputes, default, termination or modification).

14.4.2. Orders requiring shipment to a CCP or POE for transshipment to NAFIs located outside the CONUS:

**14.4.2.1. NAFI Followup.** Initiate followup 30 calendar days after the delivery date to the CCP or POE. Send the request for follow-up message to AFDCO Wright Patterson AFB OH//DSTLX//. The message cites the TCN, order number, name of firm, delivery date, and items not received. If the AFDCO has no record of the shipment, follow-up directly by message to HQ AFSVA Randolph AFB TX//SVC//.

#### **14.5. Inspection, Acceptance, and Receiving Reports:**

14.5.1. The NAFI will accomplish acceptance of supplies or services or a written rejection on or before the fifth working day following delivery, unless otherwise specified in the contract or order. (See clause title "Acceptance" of AF Form 2210.) Specify a longer period for acceptance in the contract or order when the supplies require additional time for inspection and acceptance. The clause does not apply to shipments received at a transshipment point (CCP or POE), unless damaged supplies are discovered, rejected and reported. The clause applies when the shipment is received at final destination.

14.5.2. Clause titled "Proof of Shipment" of AF Form 2210 allows supplies to be accepted for payment when received by a common carrier, US Postal Service, or government representative at a CCP or POE. Inspection of the supplies is waived until receipt at final destination, except for damaged supplies discovered, rejected and reported at a CCP or POE. Payment is authorized in advance before receipt and inspection of the supplies at final destination when a proper invoice and proof of shipment are received by the NAFRMS. When an invoice or proof of shipment is not acceptable for payment, return it promptly to the contractor.



#### 14.5.3. For Receiving Reports and Payment Data:

14.5.3.1. The receiving activity inspects the supplies delivered or services rendered before acceptance. Signify acceptance by signature and date on the proper form after verifying the quantity received and noting any exception or variance. Use a sales slip, delivery ticket, AF Form 287, AF Form 2209 or 2209-1, DD Form 250, or DD Form 1155, or certificate of acceptance for receipt and acceptance of supplies and services. Process receiving reports promptly to ensure timely payment to the contractor pursuant to the Prompt Payment Act, Public Law 97-177.

14.5.3.2. Do not use the order as a receiving report for partial shipments, hold the order until the last shipment is received. Note receipt in pencil by writing the actual number accepted beside the number ordered until a zero balance is left on all the items ordered. Show amount received on final shipment in ink. Process receiving reports for partial shipments in a timely way using DD Form 250 or other acceptable form. Use AF Form 2209, 2209-1 or DD Form 1155 as the receiving report for the last shipment.

14.5.3.3. Contracts, excluding orders and NPAs, issued by the SCO or AFNAFPO require receiving reports and payment data before the contract file is closed out for records retirement. The NAFRMS sends copies of receiving reports and payment data promptly to the SCO or AFNAFPO as appropriate.

**14.6. Termination of Contracts and Orders.** The contracting office that issued the contract or order is the only office authorized to take termination actions for convenience at cost or default for the NAFRMS. Obtain legal review.

**14.6.1. Termination for Convenience.** The NAF contracting officer has authority to terminate contracts and orders for convenience at no cost. Use a Standard Form 30 to consummate a supplemental agreement. Both parties must sign. Send proposed termination for convenience involving settlement costs the SCO or AFNAFPO, as appropriate, for termination action.

**14.6.2. Termination for Default.** Send proposed terminations for default to the SCO or AFNAFPO, as appropriate for termination action. (**NOTE:** Delivery orders issued against GSA FSSs, DLA SBs, and SCO ID contracts require the inclusion of the statement in paragraph [11.2.2](#) since NAFIs are immune from suits in court and payment of interest on claims except *Prompt Payment Act* interest payments.)

#### **14.7. Correction of Administrative Errors on Purchase Documents \$25,000 or Less:**

14.7.1. Contracting officers are authorized to correct certain obvious preparation errors as stated below prior to or after distribution of purchase orders, delivery orders, blanket purchase agreement (BPA) calls, or modifications thereto. NAF activity managers are authorized to correct BPA calls and modifications thereto. NAFs must be available on the purchase request or obtained when needed for the correction. The contracting officer or NAF activity manager is responsible for ensuring corrections are made to all documents that have already been distributed.

14.7.2. Correction of administrative errors is limited to the following:

14.7.2.1. Typographical or other administrative errors may be corrected if such correction does not change the terms or conditions of the order and such changes do not require acceptance by the vendor.

14.7.3. Use the following procedures to make pen and ink corrections:

14.7.3.1. Line through the information to be changed.

14.7.3.2. Write in the correct information.

14.7.3.3. Initial the change.

14.7.4. NAFRMSs are also authorized to make the above corrections provided they obtain prior concurrence from the contracting officer or NAF activity manager. Verbal concurrence is acceptable. Document it in the contract file. The contracting officer or NAF activity manager is responsible for ensuring that corrections are made on all documents distributed outside the NAFRMS.

**14.8. Modification Procedures.** Use an SF 30 to amend solicitations or modify contracts and orders. The contracting office that issued the contract or order will make all modifications, unless contract administration is assigned in writing and authorizes a different office to issue modifications. Only one contracting office is responsible for issuing modifications to a contract to prevent duplication of modification numbers and resultant confusion.

**14.8.1. Numbering Modifications to Contracts or Orders.** Number modifications to contracts or orders in sequence. Use a three-position alphanumeric numbering system. Use the letter "M" followed by the number (for example, MO1). Consult with the purchasing office that issued the contract on all proposed contract modifications.

**14.8.2. Monetary Adjustments.** The NAF contracting officer may make an upward payment of \$100 or less on a contract or order without issuing a modification. Voluntary price reductions and discounts for prompt payment may be accepted and payment made without issuing a modification.

**14.8.3. Unilateral Modification.** Only the contracting officer signs a unilateral modification. Use a unilateral modification may to make administrative changes to a contract or order, such as correction or typographical errors and other administrative preparation mistakes. Use SF 30 to issue a unilateral modification. [Chapter 11](#) provides detailed procedures for unilateral modifications to orders are covered in [Chapter 11](#).

**14.8.4. Bilateral Modification.** This kind of modification is a supplemental agreement. The contractor signs the modification, after which, the contracting officer signs. Supplemental agreements are written on the SF 30 and reflect substantive changes to the terms and conditions of the order or contract. The effective date of the modification is the date agreed to by the contracting parties.

**14.8.5. Distribution of Modifications.** Keep the original of each modification in the official contract or order file maintained by the purchasing office. Distribute the other copies of the modification to the same offices as the contract or order.

**14.9. Filing Claims.** The NAF contracting officer is responsible for filing claims for the NAFI specified in the contract or order. If government transportation (not a common carrier or contract carrier) is provided from the CCP to the POE or POE to the port of debarkation (POD) or from the POD to the first or final destination overseas, no claim can be filed against the government for loss or for damage to supplies that occurs during shipment. Consult the local transportation office and obtain legal assistance from the servicing SJA office in filing a claim. (See [Attachment 4](#) for guidance about filing claims for loss of or damage to intransit NAF property.)

**14.10. Warranties(Guarantees):**

14.10.1. Warranties for items purchased by the SCO, AFNAFPO or NAF contracting officer are normally included in the packaging of the products. The NAF activity manager keeps the warranty for each item purchased. Keep the warranty until it expires along with a copy of the shipping document, receiving report, and contract or order. If a problem develops with an item, read the warranty carefully to determine what is covered.

14.10.2. Contact the manufacturer warranty service center to determine estimated labor costs before making a decision to mail or ship the item for repair. At times replacement is more economical than repair. Take into consideration mailing and shipment costs to the service center. If difficulty is encountered in obtaining warranty service, contact the local dealer or distributor for assistance. The servicing SJA can also provide assistance in obtaining warranty service.

**14.11. Terms of Payments.** Payment terms must be clear in all contracts and orders. Make payments on time and according to the payment terms to avoid interest charges. Failure to pay on time in accordance with the *Prompt Payment Act* may cause contractors to demand advance payments or refuse to sell to NAFIs.

**14.12. Forms Prescribed.** AF Form 1408; **Nonappropriated Fund Call Register**; AF Form 1409, **NAF Purchase Order/Contract/PR Register**; AF Form 2208, **Nonappropriated Fund Request for Quotations**; AF Form 2209, **Nonappropriated Fund Order for Supplies or Services**; AF Form 2209-1, **Nonappropriated Fund Order for Supplies or Services (Automated)**; AF Form 2210, **General Provisions**; AF Form 2640, **Nonappropriated Fund Contract Award**; and AF Form 2641, **Nonappropriated Fund Solicitation, Offer, and Award**.

CLARK G. FIESTER

Assistant Secretary of the Air Force for Acquisition

**Attachment 1****GLOSSARY OF ABBREVIATIONS, ACRONYMS, AND TERMS*****Abbreviations and Acronyms***

**AAFES**—Army and Air Force Exchange Service

**ADP**—Automated Data Processing

**ADPE**—Automated Data Processing Equipment

**A-E**—Architect and Engineer

**AFAA**—Air Force Audit Agency

**AFDCO**—Air Force Distribution Control Office

**AFFARS**—Air Force FAR Supplement

**AFMWRAB**—Air Force Morale, Welfare and Recreation Advisory Board

**AFMWRC**—Air Force Morale, Welfare and Recreation Center

**AFNAF**—Air Force Nonappropriated Fund

**AFNAF PI**—AFNAF Purchasing Instruction

**AFNAFPO**—Air Force Nonappropriated Fund Purchasing Office/Air Force NAF Purchasing Office

**AFO**—Accounting and Finance Office

**AO**—Accounting Office

**APO**—Army or Air Force Post Office

**BDO**—Blanket Delivery Order

**BIDDS STAR**—Base Information Digital Distribution System, Small Telecommunications Acquisition/Replacement

**BOA**—Basic Ordering Agreement

**BPA**—Blanket Purchase Agreement

**CEU**—Commercial Entertainment Unit

**CBD**—Commerce Business Daily

**CCP**—Consolidation Containerization Point

**CD**—Calendar Days

**CE**—Civil Engineer(ing)

**CONUS**—Continental United States

**CPA**—Certified Public Accountant

**CPI**—National Consumer Price Index

**CSO**—Communications-Computer Systems Officer

**CSRB**—Communications- Computer Systems Requirements Board

**CSRD**—Communications-Computer Systems Requirements Document AF Form 3215

**CSBP**—Commander’s Smart Buy Program

**DCAA**—Defense Contract Audit Agency

**DFARS**—DoD FAR Supplement

**DLA**—Defense Logistics Agency

**DO**—Delivery Orders

**DODAADS**—DoD Activity Address Document System

**DRMO**—Defense Reutilization and Marketing Office

**DRMS**—Defense Reutilization and Marketing Service

**DRU**—Direct Reporting Unit

**DTS**—Defense Transportation System

**EDC**—Electronic Draft Capture

**EPP**—Essential Products Program

**ETR**—Export Traffic Release

**FAA**—Federal Aviation Administration

**FAR**—Federal Acquisition Regulation

**FOA**—Field Operating Agency

**FOB**—Free On Board

**FOS**—Follow-On Spares

**FSS**—Federal Supply Schedules

**GAO**—General Accounting Office

**GLAC**—General Ledger Account Code

**GSA**—General Services Administration

**GSBCA**—General Services Board of Contract Appeals

**ID**—Indefinite Delivery

**IFB**—Invitation for Bid

**IMPS**—Institutional Meat Purchase Specifications

**ISC**—Individual Service Contract

**ITTO**—Information Ticket and Tour Office

**JER**—Joint Ethics Regulation DoD Directive 5507.7 30 Aug 93

**MAJCOM**—Major Command

**MCSS**—Military Clothing Sales Store

**MWRS**—Morale, Welfare, Recreation and Services

**MWRSF**—Morale, Welfare, Recreation and Services Fund

**NAFC**—Nonappropriated Fund Resource Flight Chief

**NAFRMS**—Nonappropriated Fund Resource Management Section

**NAFI**—Nonappropriated Fund Instrumentality

**NAMP**—National Association of Meat Purveyors

**NPA**—Nonappropriated Fund Purchasing Agreement

**NRA**—National Restaurant Association

**PABX**—Private Automatic Branch Exchange

**PAS**—Privacy Act Statement

**PCS**—Permanent Change of Station

**PNM**—Price Negotiation Memorandum

**PO**—Purchase Orders

**POD**—Port of Debarkation

**POE**—Port of Embarkation

**PR**—Request for Purchase

**PWS**—Performance Work Statement

**RMF**—Resources Management Flight

**RMFC**—Resources Management Flight Chief

**RFP**—Requests for Proposals

**RFQ**—Requests for Quotations

**SATO**—Scheduled Airline Ticket Office

**SB**—Supply Bulletins

**SCO**—Servicing Contracting Office(r)

**SJA**—Staff Judge Advocate

**SM&W**—Special Morale and Welfare

**SOA**—Separate Operating Agencies

**SOC**—Statement of Conditions

**SOW**—Statement of Work

**SV**—Services

**TCN**—Transaction Control Number

**TCO**—Termination Contracting Officer

**WPLO**—Water Port Logistics Office

### *Terms*

**Activity Manager**—A person who is responsible for the management of an NAF operational entity such as a club, golf course, or bowling center.

**AFNAF Purchasing Instructions (AFNAF PIs)**—These instructions are issued to cover complex subjects such as "Overseas Shipments Via Parcel Post and Defense Transportation System."

**Brand-Name Justification**—Stating the brand name of the item desired to be bought in the description is not justification to buy that brand name item. If the item is for resale, a note to the effect on the face of the "Request for Purchase" is adequate justification. If the item is not for resale, then the justification must state what specific or unusual need makes the selected item necessary (space limitations, performance characteristics, compatibility with existing equipment or system, or aesthetic compatibility with interior design decor).

**Commander's Smart Buy Program (CSBP) (See paragraph 3.6.)**—A cooperative purchasing program between installation level NAF activities and the Air Force Nonappropriated Fund Purchasing Office.

**Commercial Entertainment Unit (CEU)**—An act, musical group, package show, floor show, entertainer, or any variety act that gets paid for giving a performance. CEUs may be represented by agents, agencies, or themselves. USO entertainment groups are not classified as CEUs.

**Concessionaire Contract**—A contract, to furnish predetermined goods or services for sale. The concessionaire agrees to give back to the contracting NAFI a negotiated amount of money or percentage of gross sales.

**Construction**—The term "construction" means construction, alteration, or repair (including paving, dredging, excavating, and painting) of buildings, structures, or other real property. It does not include the installation of carpet, wall covering, or draperies. Also does not include the manufacture, production, furnishing, construction, alteration, repair, processing, or assembling of products or other kinds of personal property.

**Continental United States (CONUS)**—The 48 contiguous states and the District of Columbia, further defined as the United States territory, including adjacent territorial waters, located within the North American Continent between Canada and Mexico.

**Contract**—An agreement that creates an obligation. A written document, such as a contract, purchase order, or delivery order, is evidence of such an agreement. The term "contract" as used here means all types of agreements and orders, including modifications. The following must be present for a valid contract: (a) competent parties, (b) legal subject matter, (c) legal consideration, (d) mutuality of agreement, and (e) mutuality of obligation.

**Contracting Officer**—A person authorized to enter into, modify, administer, and terminate contracts.

**Custodian**—The only NAFI custodian at most Air Force bases is the NAF Resources Management Flight Chief (NAFRMFC) who is in charge of the NAF Resource Management Section (NAFRMS). However, some custodians are not NAFFMOs such as the manager of a civilian welfare fund (including the base restaurant fund at some bases) or a NAFI located at an isolated site not serviced by a NAFRMS. The custodian is responsible for the custody and management of NAFs to ensure their protection, accountability, and use. The custodian initiates controls to properly safeguard the assets of the NAFI.

**Government Source**—GSA and self-service stores, base supply, and other NAFIs are government sources.

**Delivery Order**—An order issued against an existing contract.

**NAF Resource Management Section (NAFRMS)**—A branch under the MWRS, that is responsible for providing centralized, professional accounting, budgeting, reporting, and analysis services for all NAFIs serviced. It serves as the office for NAF financial matters, and is the point of contact with the NAFIs serviced, SCO, AFNAFPO, and other agencies.

**NAF Resource Management Flight Chief (NAFRMFC)**—The NAF custodian who directs and administers NAF financial programs on behalf of the AFWB for commanders and NAFI councils. Administration includes monitorship of all financial activities and encompasses accounting, budgeting, analysis, contracting, disbursing, banking, collections, payroll, taxes, and insurance. This officer is the focal point for NAF fiduciary matters, and acts as the contracting contact for NAFIs serviced, SCO, AFNAFPO, and other agencies.

**Negotiation**—A method of contracting, other than sealed bidding, which permits oral or written solicitations and later discussions on prices, terms, and conditions of the proposed contract, with the goal of arriving at the best advantage to the NAFI. This method gives the contracting officer the most latitude in arriving at a fair and reasonable price, and results in mutual agreement between the contracting parties. This is the preferred method of contracting for NAF goods and services.

**Nonappropriated Fund Purchasing Agreement (NPA)**—A fixed price agreement, against which delivery orders are issued using nonappropriated funds.

**Petty Cash**—A cash fund of a fixed amount set up through an advance of funds, for immediate cash payment of relatively small amounts for authorized buys of goods and services. Petty cash procedures are in AFI 34-202.

**Purchase Order**—A simplified method to buy goods or services. All necessary terms and conditions are included in the order form, and the price is based on oral or written solicitations.

**Purchasing**—To buy, rent, lease, or to otherwise obtain supplies and services by contract or agreement. It also includes all acts that pertain to acquiring supplies and services; choice and solicitation of sources, preparation and award of contracts, and all aspects of contract administration.

**Ratification**—Ratification means the act of approving an unauthorized commitment, by an official who has the authority to do so, for the purpose of paying for the supplies or services provided to the government as a result of the unauthorized commitment. Unauthorized commitment as used in this section, means an agreement that is not binding solely because the government representative who made it lacked the authority to enter into a contract on behalf of the government.

**Request for Proposal (RFP)**—A request made to suppliers which communicates NAFI requirements and solicits offers which can be accepted by the NAFI to form a binding contract.



**Request for Quotation (RFQ)**—Written or oral request for the purpose of obtaining price, delivery, and related information from suppliers.

**Resale Item**—An item purchased for resale, even though its form may be changed before it is sold to a customer (for example, carcass beef). Resale items may be purchased noncompetitively; however, a reasonableness of price statement must be included in the file. Items consigned or purchased may be given away as prizes. Such items are not consigned or purchased for NAFI use. Accordingly, they are treated as resale merchandise for purposes of this regulation. Includes items purchased for rental to Services customers.

**Service Contract**—A service contract is one which calls directly for a contractor's time and effort rather than for an end product.

**Servicing Contracting Office (SCO)**—A base, central, or regional appropriated fund contracting office supporting one or more installations.

**Sole-Source Justification**—A written justification that identifies why a procurement must be noncompetitive, and where only one source is available.

**Sources of Supply**—Includes all potential suppliers. In addition to commercial firms, it includes established government sources (for example, GSA area and self-service stores, Stars and Stripes book stores, base supply, Government entities, i.e. exchanges and commissary, and other NAIs). GSA FSSs, Defense Logistics Agency (DLA) Supply Bulletins, and NAF Purchasing Agreements (NPAs) cite contracts with commercial firms, and therefore are not government sources.

**Supplies**—All property, except land or interest in land. "Supplies", as used in this regulation, means the same as "property," "goods," or "equipment."

**Synopsis**—The publicizing of NAF purchases in the Commerce Business Daily "Synopsis of U.S. Government Proposed Procurement, Sales and Contract Awards".

**United States**—The "United States" is defined to include any State of the United States, the District of Columbia, Puerto Rico, the US Virgin Islands, Outer Continental Shelf Lands, as defined in the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.), American Samoa, Guam, Wake Island, Eniwetok Atoll, Kwajalein Atoll, Johnson Island, and Canton Island, but does not include any territory under the jurisdiction of the United States or any US base or possession within a foreign country.

## Attachment 2

## FORMS USED FOR NAF PURCHASING

*Air Force Forms:*

AF Form 9, **Request for Purchase**. Use this form to ask for the purchase of goods or services. When signed by the custodian or designee, it certifies that all needed approvals have been obtained and funds will be made available for payment. (See **Chapter 7** for preparation and distribution instructions.)

AF Form 74, **Communication Status Notice/Request**. This form may be used as a contract or order acknowledgment or receipt.

AF Form 226, **Appropriated Fund Costs in Support of Services Activities**. MAJCOMs and SCOs use it to report the cost of their support to SV activities.

AF Form 287, **Subsistence Request**. This form is used to purchase supplies from the commissary.

AF Form 1408, **Nonappropriated Fund Call Register**. Use this form or an order/entry register to record in sequence, calls made against BPAs, and blanket delivery orders (BDO's) issued against indefinite delivery (ID) contracts.

AF Form 1409, **NAF Purchase Order/Contract/PR Register**. Use this form to keep a record of the numbers, in sequence, that are assigned to NAF purchase or delivery orders, contracts, and purchase requests.

AF Form 1991, **General Purpose Creation**. This form may be used as procurement request in lieu of AF Form 9.

AF Form 2209, **Nonappropriated Fund Order for Supplies or Services**. Use this form to write most NAF contracts. Do not use it in place of contract formats set forth in this regulation. This form is optional for use by SCOs. AF Form 2210, General Provisions, is used with this form.

AF Form 2209-1, **Nonappropriated Fund Order for Supplies or Services**. This continuous pin fed form is used with a computer. AF Form 2210 must be used with this form.

AF Form 2210, **General Provisions**. Use this form with purchase orders and contracts, except aircraft lease agreements. Additions, deletions, and other necessary changes may be made to the provisions as a result of the contracting situation or changes to the FAR. However, the mandatory clauses specified in **Chapter 6** cannot be changed or deleted. AF Form 2210 may be omitted from NAFRMS copies of the purchase order, if a copy is kept on file for reference use.

AF Form 2640, **Nonappropriated Fund Contract Award**. Use this form to consummate a negotiated contract when an initial proposal cannot be accepted without further action.

AF Form 2641, **Nonappropriated Fund Solicitation, Offer, and Award**. This form is used to obtain offers under a request for proposals or sealed bid, and to create a binding contract when the initial offer can be accepted for award.

AF Form 3059, **Staff Judge Advocate Coordination Sheet Procurement Contract**. Use this form to obtain legal review of proposed contracts or modifications.

AF Form 3062, **Abstract of Proposals/Quotations (Negotiated Procurement)**. Use this form to record oral or written offers received from prospective contractors before making an award, and to aid in the evaluation process. Keep it in the purchase order or contract file.

AF Form 3215, **Communications-Computer Systems Requirement Document**. Use this form to identify communications and computer requirements.

***DoD Forms:***

DD Form 250, **Material Inspection and Receiving Report**. The DD Form 250 or a locally devised form may be used to document receipt of supplies or services. When needed, DD Form 250c may be used.

DD Form 1155, **Order for Supplies or Services/ Request for Quotations**. This form is used by the SCO for most NAF purchases. Use AF Form 2210 in lieu of the clauses used with DD Form 1155.

***SF Forms:***

SF 18, **Request for Quotations**. This form is used to obtain prices, discounts, delivery terms, and the FOB point.

SF 30, **Amendment of Solicitation/Modification of Contract**. Use this form to write amendments to solicitations and modifications to contracts. Distribute the form the same as document being amended or modified.

SF 98a, **Notice of Intention to Make a Service Contract and Response to Notice**. Use this form to obtain hourly wage rates from the Civilian Personnel Office (CPO) for service employees to be employed on a nonpersonal service contract over \$2,500. The classes of service employees to be employed on contract and number of employees in each class must be entered on the form before it is sent to your servicing CPO.

SF 361, **Transportation Discrepancy Report**. DTS personnel complete this form to report damaged shipments to the NAFI.

SF 1409, **Abstract of Offers**. Use this form to record written offers received from prospective contractors before award, and to aid in the evaluation process. Keep it in the contract case file.

***GSA Form:***

GSA Form 457, **Application for Federal Supply Schedules and Contractor's Catalogs, Including Price Lists**. Use this form to obtain a copy of the Procurement List for buying supplies or services from Blind and other severely Handicapped sources.

**Attachment 3****PRIVACY ACT STATEMENT**

**A3.1. Authority:** E.O. 9397 authorizes the solicitation and use of the SSAN. 10 U.S.C. 8013, Secretary of the Air Force: Powers and duties; delegation by.

**A3.2. Principal Purposes:**

- A3.2.1. Identifying and locating the contractor.
- A3.2.2. Processing IRS Forms 1099.
- A3.2.3. Issuing international travel orders.
- A3.2.4. Obtaining clearances for Air Mobility Command (AMC) flights.
- A3.2.5. Obtaining foreign clearances.

**A3.3. Routine Uses:** Information furnished may be disclosed to other federal, state, and local government agencies in the pursuit of their official duties. It also may be used for other lawful purposes, including law enforcement or litigation .

**A3.4. Whether Disclosure Is Mandatory or Voluntary and Effect on Individual of Not Providing Information:** Disclosure is voluntary. If the information requested is not provided, the contract will not be executed.

**Attachment 4****FILING CLAIMS FOR LOSS OF OR DAMAGE TO INTRANSIT NAF PROPERTY**

**A4.1. Applicability.** These instructions apply only to property intransit which is lost or damaged. This refers to the period of time before receipt of the property by the servicing base transportation office or by the NAFI to which the shipment is intended. For NAFI property (assets) lost or damaged after arrival at the servicing base transportation office or at the intended NAFI, insurance claims procedures as set out in AFI 34-302.

**A4.2. Document Evidence and Timely Processing of Claims.** Documentary evidence for filing a claim is obtained, then obtain legal assistance from your servicing staff judge advocate's office. File all claims promptly. As a general rule, any claim that is not filed within 9 months of delivery is forfeited. Legal action based on a denied claim for damages should be initiated within 2 years of delivery, or within 2 years of the date delivery would have occurred if the goods were lost in transit.

**A4.3. General Information:**

**A4.3.1. Claim Exemptions.** A claim cannot be filed against:

- The government for damage, shortage, or loss of goods when transportation is provided by a DOD military component (for example, US owned vessel, aircraft, or vehicle).
- An AMC contract carrier, unless loss or damage occurs due to willful negligence by the aircraft crew, as provided in the contract with the Contract air carrier.

**A4.3.2. Free on Board (FOB) Origin Shipments.** Transportation charges for FOB origin shipments are prepaid by the contractor and billed as a separate item on the invoice. Title passes to the NAFI when the goods are turned over to the common carrier (freight company) at the point of the carrier's first receipt. Any claims for loss of or damage to goods on this type of shipment are filed against the common carrier (freight company) by the requiring NAFI. The contracting Officer and the servicing staff judge advocate's office provide assistance in filing such claims. Payment for the goods, including any invoiced contractor prepaid transportation charges, regardless of loss of or damage, are made to the contractor pending settlement of the claim, particularly in any case where delay may result in the loss of any discount.

**A4.3.3. FOB Destination Shipments.** Transportation charges for FOB destination shipments may be included in the cost of items, quoted as a lump sum amount, or prepaid and billed as a separate item on the invoice for payment. Risk of loss of or damage to goods on this type of shipment are filed against the common carrier by the contractor. The contractor is advised, in writing, through the contracting officer, of any discrepancies so that a timely claim can be filed. The NAFRMS must make prompt payment on goods accepted, particularly in any case where delay may result in the loss of a discount. No payment will be made for goods before acceptance.

**A4.4. Claims by CONUS Activities:****A4.4.1. Claims on FOB-Origin Shipments.** Responsibilities of the manager or representative:

A4.4.1.1. Note any damage, shortage, or loss that is not of a concealed nature on the reverse of the carrier's delivery receipt or freight bill, then sign and date the document and obtain the signature of the carrier's representative. Such notations will include specific identification of the items determined to be over, short, or damaged, and indicate the current date. A notation, "OVER", "SHORT", or "DAMAGED", with a statement "SEE REVERSE", will be stamped or marked on the front of the carrier's delivery receipt or freight bill. The notations also will be made and signed on the reverse of the consignee's copy of the carrier's delivery receipt or freight bill.

A4.4.1.2. Contact the common carrier and request inspection of the damaged goods. The carrier may waive inspection of the damaged goods based on the information furnished concerning the extent of observed damage. If inspection is waived, request the carrier to confirm the waiver in writing, and document the file. Obtain a copy of the inspection report when the common carrier sends a representative to inspect the goods. In any event, request disposition instructions from the freight company for the damaged goods when they cannot be used to satisfy the requirement for which they were purchased.

A4.4.1.3. Process claims with the carrier delivering the goods. A copy of the delivery receipt and any inspection report is furnished the carrier (freight company) along with the claim.

A4.4.1.4. Advise the contracting officer when replacement items are required.

**A4.4.2. Claims on FOB-Destination shipments.** Responsibilities of the manager or representative:

A4.4.2.1. Indicate any damage, shortage, or loss of goods.

A4.4.2.2. Contact the delivering carrier and request inspection of damaged goods. Obtain a copy of the inspection report when the common carrier sends a representative to inspect the goods. The carrier may waive inspection of the damaged goods based on the information furnished concerning the extent of observed damage. If inspection is waived, request the carrier confirm this waiver in writing, and document the file.

A4.4.2.3. Furnish the contractor through the contracting officer, a copy of the carrier's delivery receipt (freight bill) and inspection report or carrier's letter waiving inspection (if available) so the firm can file a claim against the carrier.

A4.4.2.4. Advise the contracting officer when replacement items are required.

A4.4.2.5. Request that the contracting officer secure disposition instructions for the damaged goods from the Contractor.

**A4.5. Claims by Overseas Activities:**

**A4.5.1. Claims on Overseas Shipments.** The ultimate consignee (requiring NAFI) must obtain documentary evidence from DOD transportation personnel to satisfy legal requirements for successful prosecution of valid loss or damage claims. Obtain legal assistance from the servicing staff judge advocate's office.

**A4.5.2. Claims on FOB Origin Shipments to POE or CCP.** A government representative at the POE CCP:

A4.5.2.1. Indicates any damage, shortage, or loss of goods.

A4.5.2.2. Contacts the common carrier, requests inspection and disposition instructions of the damaged goods, and obtains a copy of the inspection report if the common carrier sends a representative to inspect the goods. The carrier may waive inspection of the damaged goods based on the information furnished concerning the extent of observed damage. If inspection is waived, request the carrier confirm the waiver in writing and document the file.

A4.5.2.3. Prepares SF 361, **Discrepancy in Shipment Report** (Short title "DISREP"), and makes distribution. If a discrepancy reported on a DISREP concerning an overage, shortage, or astray freight is not resolved after 60 calendar days, puts the DISREP package together and makes distribution.

A4.5.2.4. Furnishes a copy of the carrier's delivery receipt, any inspection report, and DISREP, as applicable, to the requiring NAFI so a claim can be filed against the common carrier.

**A4.5.3. Claims on FOB-Destination Shipments to POE or CCP.** A government representative at the POE or CCP:

A4.5.3.1. Indicates any damage, shortage, or loss of goods.

A4.5.3.2. Contacts the common carrier, requests inspection and disposition instructions of the damaged goods, and obtains a copy of the inspection report if the common carrier sends a representative to inspect the goods. The carrier may waive inspection of the damaged goods based on the information furnished concerning the extent of observed damage. If inspection is waived, request the carrier confirm the waiver in writing and document the file.

A4.5.3.3. Prepares SF 361 (DISREP) and makes distribution pursuant to AFR 75-18. A copy of the common carrier's delivery receipt, any inspection report of damaged goods, and DISREP are given to the Contractor so the firm can furnish disposition instructions on damaged goods and file a claim against the carrier.

**A4.5.4. Military Sealift Command (MSC) Shipments:**

A4.5.4.1. Claims for loss of or damage to goods against MSC contract carriers are mainly limited to bulk cargo and breakbulk-type container shipments that are broken down at the port and goods shipped to more than one consignee. Other ocean cargo seavan containers seldom are opened at the Port of Debarkation (POD) unless (i) damage results during shipment, (ii) a broken seal indicates pilferage, or (iii) damage results during offloading:

A4.5.4.1.1. If a loss of or damage to goods occurs after acceptance at the POE during storage, handling, or loading, DoD transportation personnel prepare and distribute SF 361 (DISREP)..

A4.5.4.1.2. If a loss of or damage to goods occurs during shipment from the POE or POD or during offloading, handling, or storage at the POD, DOD transportation personnel prepare and distribute DD Form 470, **Cargo Outturn Report**, and SF 361 (DISREP).

A4.5.4.1.3. If loss of or damage to goods is discovered at the base after opening a sealed container and DoD transportation personnel determine that it did not occur during shipment from the POD, then DoD transportation personnel prepare a SF 361 (DISREP) and make distribution as specified in the regulation.

A4.5.4.2. The ultimate consignee (requiring NAFI) uses the SF 361 (DISREP) to document its claim against the MSC contract carrier, stevedoring contractor, or contractor that packed the container. Claims against a MSC contract carrier or stevedoring contractor are sent to the address provided by the servicing base transportation office.

A4.5.4.3. If loss or damage is due to faulty packaging by the Contractor, a claim should be placed against the Contractor for the damage, by trained purchasing people, in a fair manner, showing favor to no one person, or group, or business firm, and to the best advantage of the nonappropriated fund instrumentality (NAFI).



**Attachment 5****ENTERTAINMENT CONTRACT FORMAT****Contract Number.**\_\_\_\_\_

This contract is made and entered into by and between\_\_\_\_\_, a nonappropriated fund instrumentality (NAFI) of the United States Air Force, and\_\_\_\_\_, hereinafter called the Contractor. The Contractor warrants that it has full rights and authority to represent the entertainment unit, and that every part thereof is free from any conflicting rights of others, including licenses, patents, and copyrights.

1. The Contractor agrees to represent, in accordance with the terms and conditions of this contract, an Entertainment Unit as follows:

\_\_\_\_\_  
\_\_\_\_\_

to include named performers or musicians as set forth in appendix A, for performance beginning on the\_\_\_ day of\_\_\_\_\_, 19\_\_\_\_, to include a maximum of \_ performance(s), each performance consisting of\_\_\_ sets per performance. Specific performance date(s), time(s), and amount(s) are as follows:

DATE	TIME	AMOUNT
_____	_____	_____
_____	_____	_____
_____	_____	_____

2. Any notification from the Contracting Officer to the party originally negotiated with for this contract constitutes notice to the Contractor and to the members of the entertainment unit.

3. Each member of the entertainment unit is engaged severally under the terms and conditions. No substitution will be made unless agreed to by the Contracting Officer. Each member of the entertainment unit may enforce this agreement and each severally agrees to render services under the terms and conditions of this contract.

4. Subject to the provisions of this contract, the NAFI agrees to pay to \_\_\_\_\_ (name of payee) \$\_\_\_\_\_ for performance(s) as set forth above. The amount specified in this paragraph is the total sum for which the NAFI is liable under this contract. No other remuneration in the form of transportation, food, or lodging is included unless specifically made a part of this contract. Payment is to be made by check which will be issued only after the Contracting Officer of his or her designee verifies that the services required hereby have been satisfactorily rendered and completed. Payment to the above named individual satisfies the NAFI's obligations under this contract to all members of the entertainment unit and any other party to this contract.

5. All requirements for payment of lodging will be as specified herein. When required, the manager of the NAFI where entertainment is to be performed will make arrangements for lodging, and government quarters will be occupied by contract personnel when available. Lodging requirements of this contract are as follows:

\_\_\_\_\_

\_\_\_\_\_

6. The Contractor must arrange for and furnish necessary transportation to each place of performance. If any transportation is provided by an Air Force NAFI, the members of entertainment unit must travel by the means of transportation provided by the Air Force NAFI.

7. The Contractor must furnish:

a. Photographs and such other advertising or publicity material or information as required. The aforementioned material must be provided to the Contracting Officer by the leader of the entertainment unit, not later than \_\_\_\_\_ days before beginning the initial performance.

b. Necessary costumes, musical library, and instruments.

c. All necessary stage hands, electricians, and properties.

8. It is understood and agreed that the leader of the entertainment unit is an independent Contractor and employer of the personnel of the entertainment unit. He or she has exclusive control over the means and methods by which the obligations of this agreement are to be fulfilled subject to this contract. The leader's obligations under this contract and all federal, state, and municipal laws are to be performed and discharged by the leader as an independent Contractor and not as an employee.

9. The Contractor and each member of the entertainment unit at all times while on any Air Force installation must conduct themselves in an acceptable manner and observe all rules and regulations of the installation commander and the United States Air Force.

a. Entertainment must be wholesome and adhere to the standards of good taste. Emphasis is placed on the following:

(1) An acknowledged deity will not be referred to in a manner that would offend a follower of any faith.

(2) Profanity, vulgarity, or connotations of sexual depravity and perversion will not be used.

(3) Military, racial, religious or national groups will not be defamed, and individual deformities will not be ridiculed.

(4) Hypnotists or any type of act which results in participants temporarily losing control of any parts of their mental faculties will not be used.

b. Any criminal conduct, any unexcused tardiness or absence which prevents timely starting of the performance(s) required hereunder, indecency or obscenity, drunkenness, damage to government property, failure to discharge indebtedness to the government, being under the influence of narcotics or hallucinatory drugs, any unexcused violation of an office instruction established by a manager of one of the Air Force NAFI's or such violation of the rules and regulations of the installation commander or the United States Air Force as results in the installation commander issuing a letter barring the group or any members thereof from entering the installation or threatens a breach of national security, is grounds for termination of this contract in accordance with the clause title, "Termination for Convenience" of the General Provisions.

10. The Contractor warrants that all equipment used in performance hereunder and the use of such equipment in the performance of the contract will meet or exceed requirements for that equipment or its use set by federal statutes and regulations.

11. The entertainment unit must personally secure and safeguard its equipment and other personal belongings while on the installation, unless otherwise specified in an addendum hereto.

12. No performance by the Contractor, its agents, servants, or employees may be recorded, reproduced, or transmitted from the place of performance, in any manner or by any means whatsoever, unless advance written authorization has been obtained from:

---

13. Representatives of labor (organization)\_\_\_\_\_ are provided access to the place of performance to confer with their members, consistent with applicable rules and regulations of the installation commander and the United States Air Force.

14. The ability of the Contractor and members of the entertainment unit to perform is subject to proven detention by sudden, serious illness, accidents, riots, strikes, threatened epidemics, Acts of God, or any other legitimate conditions beyond their control. The cancellation of any or all of the scheduled performances resulting from the occurrence of one of these contingencies must be substantiated in writing to the satisfaction of the Contracting Officer or the conditions of paragraph 16 apply. Based on the acceptance by the Contracting Officer of legitimate conditions for cancellation of the performance(s) an equitable price reduction will be negotiated by the Contractor and the Contracting Officer for performances not accomplished during the contract period. Additionally, the Contracting Officer may reschedule the canceled performance(s) within 90 calendar days of the original performance dates based on the terms of this contract. The Contracting Officer and the Contractor will also negotiate an equitable price reduction for

performances accomplished with less than the required number of performers. If one or more performers are prevented from participating in any performance(s) by any of these contingencies, the Contracting Officer, on determining that an inadequate number of performers are available to satisfactorily accomplish one or more performances, may cancel such performance(s) and an equitable price reduction will be negotiated by the Contractor and the Contracting Officer. Should a negotiated agreement not be obtained in either situation where price reductions become necessary, the Contracting Officer will determine the proper price reduction warranted and issue a determination of this amount. This determination is subject to appeal by the Contractor under the clause titled "Disputes" of the General Provisions. Nothing in this paragraph precludes the Contracting Officer from exercising those rights prescribed in the clause titled "Termination for Default" of the General Provisions.

15. Any portion of services scheduled under this contract may be cancelled by the Contracting Officer or his or her designee, prior to performance, without advance notice in the event of:

- a. Riots, threatened epidemics, Acts of God, or for any unforeseen occurrences which make it impossible for the NAFI to provide a facility for, or otherwise precludes the presentation of, the entertainment which is the subject of this contract;
- b. The NAFI which is to be furnished services ceasing to operate, or
- c. Deactivation of the installation.

16. Due to the economic, good will, and reputation losses to the NAFI which are not absolutely determinable or capable of being estimated with any degree of precision, if the entertainment unit fails to perform as scheduled in this contract, or any change hereto, the prorata amount due the Contractor for the missed performance(s) will be deducted from the total contract price. In addition to this deduction, the entertainment unit will be charged an amount equal to 50 percent of the deduction for missed performances (as stated above) as liquidated damages. The entertainment unit will not be charged liquidated damages when a delay or missed performance arises out of causes beyond the control and without the fault (willful or negligent) of the entertainment unit (such as fires, floods, and so forth) .

17. The Contractor agrees to indemnify, save harmless, and defend the Air Force NAFIs (a) from and against any and all claims, demands, actions, debts, liabilities, and attorney's fees arising out of, claimed on account of, or in any manner predicated on loss of or damage to the property of, and injuries to or death of any and all persons whatsoever, in any manner caused or contributed to by the Contractor, its agents, servants, or employees while in, on, or about the military installation wherein the entertainment is to be performed, or while going to or departing from the same; (b) from and on account of damages of any kind which they, or either of them, may suffer as the result of the acts of the Contractor or any of the Contractor's agents, servants, or employees in or about said military installation; and (c) from any workmen's compensation benefits which they, or either of them, become obligated to pay the Contractor, its agents, servants, or employees, and (d) from any and all claims, demands, actions, debts, liabilities, and related costs which result from performing by the Contractor.

18. In the event of conflict between the provisions of the basic contract and the provisions of any attachment hereto, the provisions of the basic contract control . This contract consists of the following documents:

- a. Introductory paragraph, contract provisions, and signature page .....
- b. Appendix A, Schedule of Performers .....
- c. Appendix B, Previous Contracts and Compliance Reports .....
- d. General Provisions (Clauses 1- ).....

\_\_\_\_\_  
Print Name of Contracting Officer

\_\_\_\_\_  
Print Name of Contractor

\_\_\_\_\_  
Signature--Contracting Officer

\_\_\_\_\_  
Signature--Contractor

\_\_\_\_\_  
SSAN

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

\_\_\_\_\_  
Address (to include telephone number)

\_\_\_\_\_  
Address (to include telephone Number)

## APPENDIX A

### SCHEDULE OF PERFORMERS

Contract No. \_\_\_\_\_

Name of Act(s) \_\_\_\_\_

Individual(s) Name(s)

- 1.
- 2.
- 3.

- 4.
- 5.
- 6.
- 7.
- 8.
- 9
- 10.
- 11
- 12.
- 13.
- 14.

I hereby certify that the information on this Appendix A is complete and correct to the best of my knowledge and belief.

CONTRACTOR \_\_\_\_\_ DATE \_\_\_\_\_

***NOTE:***

SSANs required when entertainment personnel will use AMC flights.

**APPENDIX B**

**PREVIOUS CONTRACTS AND COMPLIANCE REPORTS**

The Contractor represents that:

- (a) It has, has not participated in a previous contract or subcontract subject either to the Equal Opportunity clause of this contract, the clause originally contained in section 310 of Executive Order No. 10925, or the clause contained in section 201 of Executive Order No. 1114;
- (b) It has, has not, filed all required compliance reports; and
- (c) Representations indicating submission of required compliance reports, signed by proposed subcontractors, will be obtained before subcontract awards.

***NOTE:***

The above certification and the Equal Opportunity Clause in the General Provisions are not applicable to contracts of \$10,000 or less, and to work performed outside the United States and District of Columbia by Contractor employees who were not recruited within the United States and District of Columbia.

**Attachment 6****AIRCRAFT LEASE AGREEMENT FORMAT**

**Contract No.**\_\_\_\_\_

THIS AGREEMENT is made and entered into by and between\_\_\_\_\_, a nonappropriated fund instrumentality (NAFI) of the United States Air Force, hereinafter called the LESSEE, and\_\_\_\_\_

\_\_\_\_\_, (Contractor) hereinafter called the LESSOR.

NOW THEREFORE, the LESSEE and the LESSOR, for the consideration hereinafter set forth, agree as follows:

ARTICLE 1. General. The LESSOR agrees to lease to the LESSEE, for its exclusive use during the term of this lease agreement,\_\_\_\_\_(insert quantity) airplane(s) which is (are) described in Annex A to this lease agreement for a period of\_\_\_\_\_(insert number) months, such time to run from delivery of the airplane(s) to the LESSEE as indicated in annex A. The airplane(s) is(are) warranted to be airworthy according to current Federal Aviation Administration standards. LESSOR represents that it (they) is (are) the (sole(joint) owner(s)) subject to a mortgage held by\_\_\_\_\_ of the airplane(s).

ARTICLE 2. Agreement Requirements. The airplane(s) provided by the LESSOR must have, at the time of delivery:

- a. The equipment listed in annex A to this lease agreement.
- b. A certificate from the appropriate United States agency indicating that the airplane(s) is (are) airworthy.
- c. A registration certificate from the appropriate United States Agency indicating the aircraft's owner.
- d. Prior to acceptance, the LESSEE will inspect, test, and flight check the airplane(s) through its authorized agent(s). If such test or inspection reveals that the airplane(s) is (are) not equipped or the condition is not as stipulated, LESSEE may decline acceptance, in which case this agreement becomes null and void.

ARTICLE 3. Insurance. Use one of the following options:

- a. Option No. 1:

(1) The LESSEE agrees to maintain hull insurance coverage under the Air Force Nonappropriated Fund (AFNAF) Self-Insurance Program in accordance with applicable Air Force directives. The liability of the



LESSEE for loss or damage to the aircraft will not exceed the declared value. Hull insurance coverage is not extended to the LESSOR in either of the following instances:

(a) The hull insurance coverage will be maintained for the declared amount of \$\_\_\_\_\_. This declared amount will be reestablished annually and approved by AFMWRS/MWQ (based on the effective date of this agreement) in an amount commensurate with the values of the airplane, and all installed equipment listed in annex A. When a lease is being renewed, the club must submit a copy of annex A with the revised declared value to HQ AFMWRSA/MWQ for approval. The aircraft may not be operated until written approval is received from HQ AFMWRSA/MWQ.

(b) When the airplane is in the care, custody, or control of the LESSOR (unless at the time of damage to the airplane the LESSOR was acting in the capacity of an authorized member or participant of the aero club), or

(c) If the hull damage resulted from the negligence of the LESSOR, his or her agents, servants, or employees.

(2) The LESSEE agrees to maintain public liability (both bodily injury and damage to the property of others) insurance coverage under the AFNAF Liability Insurance Program in accordance with applicable Air Force directives. The public liability coverage discussed in this paragraph is not extended to the LESSOR unless, at the time of the occurrence giving rise to a public liability claim, the LESSOR is acting in the capacity of an authorized member or participant of the aero club.

(3) The LESSOR is not held liable for any portion of the premium assessment or deductible applicable for either the hull or public liability coverage provided under this article. No part of the rental fee provided above is allocated as a payment for such coverage .

b. Option No. 2

(1) The LESSOR will provide hull insurance in the amount deemed necessary to cover the airplane(s). The LESSEE is (is not) responsible for the deductible amount of the insurance (but such responsibility of the LESSEE will not exceed \$\_\_\_\_\_.per incident). The LESSOR will not hold the LESSEE, its agents, employees, and authorized participants in its activities liable for any damage to the airplane, except for such deductible amount provided herein.

(2) The LESSEE agrees to maintain public liability (both bodily injury and damage to the property of others) insurance coverage under the AFNAF Liability Insurance Program in accordance with applicable Air Force directives. The public liability coverage discussed in this paragraph is not extended to the LESSOR unless, at the time of the occurrence giving rise to a public liability claim, the LESSOR is acting in the capacity of an authorized member or participant of the aero club.

(3) The LESSOR is not held liable for any portion of the premium assessment applicable for public liability coverage provided under this article. No part of the rental fee provided above is allocated as payment for such coverage.

(4) When an accident occurs where the estimated repair costs exceeds seventy five percent (75%) of the declared value, HQ AFMWRSA/MWQ will make the determination to repair or replace the aircraft.

ARTICLE 4. Fees. Use one of the following options:

a. Option No. 1. The LESSEE does not guarantee a minimum monthly utilization of the airplane. The number of hours are computed from the hour meter installed in the airplane. The time is taken on the first day of each month prior to the first flight of the day. Fees due to the LESSOR are based on the difference between the current month and prior month's reading at the rate of \$\_\_\_\_\_ per hour, less any time charged to inspections or maintenance as provided in Article 5 of this agreement. Payment is made to the LESSOR on or before the tenth day of each month for utilization during the preceding month.

b. Option No. 2. The LESSEE guarantees a minimum monthly utilization of \_\_\_\_\_ hours per airplane. The number of operating hours is computed from the hour meter installed in the airplane. The time is taken on the first day of each month prior to the first flight of the day. Fees due to the LESSOR are based on the difference between the current month and prior month's reading at the rate of \$\_\_\_\_\_ per hour, less any time charged to inspections or maintenance as provided in Article 5 of this agreement. Payment is made to the LESSOR on or before the tenth day of each month for utilization during the preceding month.

ARTICLE 5. Inspection, Maintenance, and Charges. Use one of the following options:

a. Option No. 1. The LESSEE agrees to perform or have performed all 100-hour, progressive, and annual inspections which may become due during the term of this lease agreement, and to provide all oil changes, oil, fuel, and tie-down facilities. Maintenance recommended by the manufacturer (in service bulletins) will be performed at the discretion of the LESSEE and its total cost will be borne by the LESSOR. All maintenance directed by the FAA will be performed at LESSOR's expense. The LESSOR will provide replacement parts and major overhaul of engines and airframe. The LESSEE agrees to release the airplane to the LESSOR to permit him to carry out his or her responsibilities under this article. However, the LESSEE will record all hour meter time expended in carrying out all responsibilities under this article to include pre-and post-maintenance engine runs, ferry time to and from maintenance facilities, if other than LESSEE's facilities, and functional check flights required to test aircraft performance and operation. The LESSOR will not be compensated for hour meter time so recorded as set forth in Article 4.

b. Option No. 2. The LESSOR agrees to perform or have performed all 100-hour progressive and annual inspections which may become due during the term of this lease agreement and to provide all oil changes, and routine and minor maintenance recommended by the manufacturer or directed by the Federal Aviation Administration during the duration of this lease agreement. The LESSEE agrees to provide all fuel and oil consumed in its operation of the aircraft, and tie-down facilities. The LESSOR will provide replacement parts, major overhaul of engines and airframe, and will be responsible for compliance with any additional directives of the Federal Aviation Administration of service bulletins which might be issued during the period of this lease agreement. The LESSEE agrees to release the airplane to the LESSOR to permit him or her to carry out responsibilities under this article. However, the LESSOR will record all hour meter time expended in carrying out all responsibilities under this article to include pre-and post-maintenance engine runs, ferry time to and from maintenance facilities, if other than LESSEE's facilities, and functional check flights required to test aircraft performance and operation. The LESSOR will not be compensated for hour meter time so recorded as set forth in Article 4. The LESSEE at its discretion, may perform line maintenance and purchase parts to the extent necessary to maintain the LESSEE's scheduled use of the aircraft. The LESSOR will reimburse or pay the LESSEE for such maintenance at a rate of \$\_\_\_\_\_ per hour of maintenance labor expended and invoiced price for parts. The LESSOR also agrees to permit the LESSEE to ferry the aircraft to off-base maintenance facilities when work required is not within the capability of the LESSEE.

## ARTICLE 6. Termination:

- a. This lease may be terminated by either party because of noncompliance by the other party on written notice mailed or physically delivered to the address herein set forth.
- b. This lease may be terminated for convenience by LESSEE, on 30 calendar days written notice mailed or physically delivered to the address herein set forth.

ARTICLE 7. Operation of Airplane(s). The LESSEE agrees that the airplane(s) under this agreement will be based primarily at \_\_\_\_\_ subject to the approval of the commander and that proper tie-down (hangar) facilities will be used at all times for said airplane(s). The LESSEE further agrees that the airplane(s) furnished under this lease agreement will be operated only by FAA-certified mechanics and licensed pilots with ratings of (student) pilot or higher .

ARTICLE 8. Custody and Return of the Airplane(s). The LESSEE agrees that it will assume custody of the airplane(s) indicated in annex A of this lease agreement after the lease agreement has been approved by HQ AFMWRSA/MWQ. The LESSEE further agrees that it will return said airplane(s) in as good a condition as when received, normal wear or tear expected. (See Article 2 of this agreement.) The LESSEE will not be liable for any diminution in value of the aircraft resulting from damage to the aircraft, so long as it is repaired as provided herein.

ARTICLE 9. Delivery of the Airplane(s). The delivery of the airplane(s) under this lease agreement will take place at \_\_\_\_\_.

Return delivery of the airplane(s) by the LESSEE to the LESSOR, or its authorized representative, will take place at \_\_\_\_\_.

ARTICLE 10. Existence of LESSEE. It is understood and agreed that the continued existence of the LESSEE and any successors and assigns is governed by Federal Law, regulations, and the traditions of the United States Air Force. This agreement is automatically terminated if the NAFI is dissolved.

ARTICLE 11. Location of Airplane(s). The LESSOR understands that the site at which the airplane(s) primarily will be based and access hereto from public highways are on lands subject to the jurisdiction of the United States (both the United States and the State of \_\_\_\_\_) and are governed by the Federal Laws, US Air Force regulations, and customs of the service, (and the laws of the State of \_\_\_\_\_). The LESSOR agrees to obey the Federal Laws, and US Air Force regulations, (and State laws) to the extent applicable to this transaction.

ARTICLE 12. Licenses, Taxes, Permits, and Fees. The LESSOR is responsible for obtaining, at its own expense, all licenses and permits, and for paying all taxes and fees as may be required by the Federal,

State, and local Governments. An increase or decrease in any of the costs to the LESSOR will not be a basis for an equitable adjustment in the rental fee prescribed herein.

ARTICLE 13. Definitions. As used throughout this lease agreement, the following terms have these meanings:

- a. The terms "lease", "lease agreement", and "agreement" mean this lease agreement, and it includes any amendments, change orders, or supplemental agreements with respect hereto.
- b. The term "Contracting Officer" means the person executing or administering this lease agreement on behalf of the NAFI which is a party hereto, or his or her successor or successors.
- c. The terms "Contractor" and "LESSOR" means the person responsible for providing the airplane(s), equipment, insurance, or services covered by this lease agreement to the LESSEE .
- d. The abbreviation "NAFI" means the Nonappropriated Fund Instrumentality of the United States Government which is the LESSEE herein.

ARTICLE 14. Legal Status. The NAFI is an integral part of the Department of Defense and is an instrumentality of the United States Government. Therefore, NAFI contracts are United States Government contracts; however, they do not obligate appropriated funds of the United States.

ARTICLE 15. Disputes:

- a. Except as otherwise provided in this contract, any dispute or claim concerning this lease agreement which is not disposed of by agreement will be decided by the Contracting Officer, who will state his or her decision in writing and mail or otherwise furnish a copy of it to the LESSOR. Within 90 calendar days from the date of receipt of such copy, the LESSOR may appeal by mailing or otherwise furnishing to the Contracting Officer a written appeal addressed to the Armed Services Board of Contract Appeals and the decision of the Board will be final and conclusive; provided that if no such appeal is taken, the decision of the Contracting Officer will be final and conclusive. The LESSOR will be afforded an opportunity to be heard and to offer evidence in support of any appeal under this clause. Pending final decision of such a dispute, however, the LESSOR will proceed diligently with the performance of the lease agreement and in accordance with the decision of the Contracting Officer.
- b. This "Disputes" clause does not preclude consideration of law questions in connection with decisions provided for in a above, provided that nothing in this lease agreement is construed as making final the decision of any administrative official, representative, or board on a question of law .

ARTICLE 16. Assignment. LESSOR may not assign his or her rights or delegate obligations under this lease agreement without prior written consent of the Contracting Officer .

ARTICLE 17. Examination of Records:

- a. This clause is applicable if the amount of this contract exceeds \$10,000 and the contract was entered into by means of negotiation. The contractor agrees that the Contracting Officer or his duly authorized

representative shall have the right to examine and audit the books and records of the contractor directly pertaining to the contract during the period of the contract and until the expiration of three years after the final payment under the contract.

b. The Contractor agrees to include the clause in a above in all subcontracts hereunder which exceed \$10,000.

ARTICLE 18. Modifications. No agreement or understanding to modify this lease agreement will be binding on LESSEE unless made in writing and signed by the Contracting Officer or his or her successor.

ARTICLE 19. Advertisements. LESSOR agrees that none of his or her, nor his or her agents' advertisements to include publications, merchandise, promotions, coupons, sweepstakes, contests, sales brochures, will state, infer, or imply that the LESSOR's products or services are approved, promoted, or endorsed by LESSEE, nor will they in any way refer to LESSEE or any other part of the United States Government.

ARTICLE 20. Hold and Save Harmless. LESSOR agrees to indemnify, save harmless, and defend the LESSEE from and against any and all claims, demands, actions, debts, liabilities, and attorney's fees arising out of, claimed on account of, or in any manner predicated on loss of or damage to the property of and injuries to or death of any and all persons whatsoever, in any manner caused or contributed to by LESSOR, his or her agents, servants, or employees. LESSOR further agrees to indemnify and save harmless the LESSEE from and on account of damages of any kind which the LESSEE may suffer as the result of the acts of any of LESSOR's agents, servants, or employees.

ARTICLE 21. Officials not to Benefit. No member of or delegate to the Congress, or resident commissioner, will be admitted to any share or part of this agreement, or to any benefit that may arise therefrom; but this provision will not be construed to extend to this lease agreement if made with a corporation for its general benefits.

ARTICLE 22. Covenant Against Contingent Fees. The LESSOR warrants that no person or selling agency has been employed or retained to solicit or secure this lease agreement on an agreement or understanding for a commission, percentage, brokerage, or contingent fee. For breach or violation of this warranty, the LESSEE has the right to annul this lease agreement without liability, or at his or her discretion, to deduct from the lease agreement price or consideration, or otherwise recover the full amount of such commission, percentage, brokerage, or contingent fee .

ARTICLE 23. Gratuities:

a. The NAFI may, by written notice to the LESSOR, terminate the right of the LESSOR to proceed under this lease agreement if it is found, after notice and hearing by the Secretary of the Air Force or his or her duly authorized representative, that gratuities (in the form of entertainment, gifts, or otherwise) were offered or given NAFI with a view toward securing this lease agreement or securing favorable treatment

with respect to the awarding or amending, or the making of any determinations with respect to the performing of such lease agreement.

b. If this lease agreement is terminated as provided in a above, the NAFI is entitled (i) to pursue the same remedies against the LESSOR as it could pursue in the event of a breach of the lease agreement by the LESSOR, and (ii) as a penalty in addition to any other damages to which it may be entitled by law, to exemplary damages in an amount (as determined by the Secretary or duly authorized representative) which will be not less than three nor more than ten times the costs incurred by the LESSOR in providing any such gratuities to any such officer or employee.

c. The rights and remedies of the NAFI provided in this clause are not exclusive, and are in addition to any rights and remedies provided by law or under this lease agreement.

ARTICLE 24. Termination for Default. The Contracting Officer, by written notice, may terminate this contract, in whole or in part, for failure of the Contractor to perform any of the provisions hereof. In such event the Contractor shall be liable for damages, including the excess cost of reprocurring similar supplies or services; provided that, if (i) it is determined for any reason that the Contractor was not in default; or (ii) Contractor's failure to perform is without his, or her, or his or her subcontractor's control, fault, or negligence, the termination must be deemed to be termination for convenience. As used in this provision, the term "subcontractor" and "subcontractors" means "subcontractors at any tier."

ARTICLE 25. Option to Extend Term of Agreement and Economic Price Adjustment:

a. This agreement, unless sooner terminated as herein provided, may be extended for\_\_\_\_\_ subsequent 1-year periods by mutual agreement to the contracting parties hereto in writing, subject to the approval in the same manner as this instrument. The Contracting Officer must give written notice to the Contractor of the NAFIs intent to extend the term of this agreement at least 30 days before the performance period expires. If the parties hereto mutually agree to an extension, the agreement as extended is deemed to include this option provision; However, in no event will the total period of performance under this agreement , including all extensions, exceed a total of\_\_\_\_\_years.

b. The hourly rate(s) (reference Article 4) for any subsequent 1 year period cannot be increased more than the percentage the National Consumer Price Index (CPI) (for urban wage earners and clerical workers) has increased over the CPI at the beginning of the previous contract year. Any negotiated price increase must be mutually agreed to by the parties hereto and will be made retroactive to the first day of the first month of the new contract year by consummating a supplemental agreement (bilateral modification to this contract) .

Article 26. Effective Date of Lease Agreement. This lease agreement becomes effective and binding when the aircraft has been received by the aero club and the aircraft has been approved for inclusion in the Air Force hull insurance program by HQ AFMWRSA/MWQ and annex A has been signed by the aero club manager, the contracting officer, and the LESSOR.

ARTICLE 27. Contractual Contents . This lease agreement consists of the following:

- a. Lease Agreement.....pages\_\_\_\_ thru\_\_\_\_ .
- b. Annex A Airplane(s) Description..... Pages\_\_\_\_ thru\_\_\_\_.
- c. List of FAR Clauses Incorporated by Reference (1 page) IN WITNESS WHEREOF, the parties hereunto set the hands on the date set forth below:

FOR THE LESSEE:

FOR LESSOR:

\_\_\_\_\_

\_\_\_\_\_

Name and Signature of

(Typed Name and Signature) Contracting Officer)

\_\_\_\_\_

\_\_\_\_\_

SSAN

\_\_\_\_\_

\_\_\_\_\_

(Address)

(Address)

\_\_\_\_\_

\_\_\_\_\_

(Telephone Number)

(Telephone Number)

\_\_\_\_\_

\_\_\_\_\_

(Date Signed)

(Date Signed)

This lease agreement has been reviewed and determined to be legally sufficient. (NOTE: Legal review is not required providing there is no change to the prescribed format.)

\_\_\_\_\_

\_\_\_\_\_

(Signed: Staff Judge Advocate)

(Date)

This agreement has been reviewed and the aircraft is approved for inclusion in the AFNAF Self-Insurance Program for (liability and hull repair) coverage. (NOTE: Review and Approval by AFMWRSA/MWQ is not required, providing changes are limited to Articles 4,5, and 6. Approval of insurance coverage is not required, providing there is no change to the prescribed format of the option used for Article 3, and Article 8.)

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AFMWRSA/MWQ

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(Date)

(NOTE: Articles 4, 5, and 6 may require revision based on negotiations with the LESSOR.)

**ANNEX A****to****LEASE AGREEMENT****Contract No.**\_\_\_\_\_

This Annex A is executed on this the\_\_\_\_day of\_\_\_\_, 19\_\_\_\_pursuant to the provisions of the foregoing Lease.

a. Airplane Description:

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b. Airplane Serial Number:\_\_\_\_\_

c. Airplane Registration Number:\_\_\_\_\_

d. Tachometer or Hobbs Meter Reading on Delivery:\_\_\_\_\_hours\_\_\_\_\_

e. List of Installed Equipment

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f. Date of delivery of the airplane(s) to the LESSEE:

**FOR THE LESSEE:****FOR THE LESSOR:**



---

 (Typed Name and Signature of Manager)

---

 (Typed Name and Signature)

(NOTE: Annex A will be signed by the aero club manager or the manager's designated representative at the time the LESSEE takes custody and control of the aircraft after all necessary approvals.)

## LIST OF CLAUSES INCORPORATED BY REFERENCE

The provisions of the contract clauses set forth in the following paragraphs of the Federal Acquisition Regulation (FAR) are incorporated into this contract by reference with the same force and effect as though herein set forth in full. As used in the following clauses, the term "Government" is deleted and the abbreviation "NAFI" is substituted in lieu thereof. The date of each clause will be the current date set forth in the FAR on the issuance date of this contract. (The complete text of any clause incorporated in this contract by reference may be obtained from the Contracting Officer.

### CLAUSE

NUMBER	FAR REF	CLAUSE TITLE
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**1.	52.222-26	Equal Opportunity
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(NOTE: Not applicable to transactions of \$10,000 or under.)

*2.	52.222-35	Affirmative Action for Special Disabled and Vietnam Era Veterans.
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(NOTE: Not applicable to transactions of \$10,000 or under.)

*3.	52.222-36	Affirmative Action for Handicapped Workers
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(NOTE: Not applicable to transactions of \$2,500 or under.)

4.	52.225-3	Buy American Act - Supplies
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5.	52.225-7	Balance of Payments Program
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(\* Not applicable to orders with firms located outside the United State, its possessions and Puerto Rico, unless the clause is made applicable as the result of the United States firm recruiting American citizens in the United States.)

**Attachment 7****FLIGHT AND GROUND INSTRUCTORS CONTRACT FORMAT**

**Contract No.** \_\_\_\_\_

This Contract, made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_, by and between \_\_\_\_\_ (a nonappropriated fund instrumentality hereinafter called NAFI) and \_\_\_\_\_, (hereinafter called Contractor), is for a period of \_\_\_\_\_ subject to the provisions set forth hereunder.

WITNESSETH That:

WHEREAS the parties hereto desire to contract for the furnishing of \_\_\_\_\_ as more particularly described in

Appendix \_\_\_\_\_ hereto.

NOW THEREFORE, in consideration of mutual covenants and agreements between the parties hereto, it is agreed as follows:

1. General. The contractor agrees to perform services in accordance with the attached Schedule of Services and Compensation. The Contractor will be personally responsible for performing all the services set forth in Appendix \_\_\_\_\_ hereto.

2. Payment Cycle. In consideration for the services rendered, the NAFI agrees to pay the Contractor monthly, at the time of the normal payroll cycle, or on expiration of this contract, whichever occurs first. The daily, hourly, or monthly rate(s) to be paid the Contractor under the terms of this contract will be those amount(s) stipulated in Appendix \_\_\_\_\_ hereto, unless otherwise specified by a modification to this contract. An invoice or time statement must be submitted by the Contractor to the NAFI within 1 workday after the end of the normal payroll cycle.

3. Relationship. The Contractor is not an employee of the NAFI and is not covered by Worker's Compensation, group life, accident or health insurance, and other benefits associated with an employer-employee relationship.

4. Insurance. The Air Force Self-Insurance Program-Liability protects the Contractor from liability for damage or destruction of aero club aircraft and property, and bodily injury, death, or damage to property of third persons (including passengers) which arise out of the performance of instructional or other duties performed under this contract, so long as such performance is in accordance with the provisions of this contract and AFI 34-208, and so long as such liability does not result from gross negligence, fraud, dishonesty, or willful misconduct.

5. Licenses, Taxes, Permits, and Fees. The Contractor is fully cognizant that this contract is a contract for services and that an employee-employer relationship does not exist between the Contractor and NAFI. Therefore, it is the Contractor's responsibility to obtain, at its own expense, all licenses and permits, and to pay such taxes and fees as may be required of the Contractor by federal, state and local governments in the execution of the terms of this contract.

6. Changes. The Contracting Officer, at any time, by written order, may make changes in or additions to the services to be performed by this contract, issue additional instructions, require modified or additional work or services within the general scope of the contract, or vary the amount of NAFI-furnished property. If any of said changes cause any increase or decrease in the cost of, or in the time required for performance of this contract, an equitable adjustment will be made in the contract price or term of performance, or both, and the contract will be modified in writing accordingly. Any claim by the Contractor for adjustment under this clause must be asserted within thirty calendar days from the date of receipt by the Contractor of the notification of changes, provided, however, that the Contracting Officer, if he or she decides that the facts justify such action, may receive and act on any such claim asserted at any time prior to final payment under this Contract. Failure to agree to any adjustment will be a dispute concerning a question of fact within the meaning of the clause of this contract titled "Disputes". However, nothing in this clause excuses the Contractor from proceeding with the contract as changed, and it is limited to proceeding with its appeal pursuant to the provision titled "Disputes."

7. Pricing of Adjustments. When costs are a factor in any determination of a contract price adjustment pursuant to the Changes clause or any other clause of this contract, such costs shall be in accordance with Part 31 of the Federal Acquisition Regulation and the DOD FAR supplement in effect on the date of this contract.

8. Payments. Payment for services performed by the Contractor, as set forth in Appendix \_\_\_ of this contract, are made at the rates prescribed, on submission by the Contractor of proper invoices or time statements to the NAFI designated herein and at the time provided for herein. In addition to the foregoing the Contractor will be paid for each day the Contractor is in a travel status away from its regular place of business: (i) the actual cost of meals and lodging based on submittal of receipt in an amount not to exceed \$\_\_\_\_\_; and (ii) such other transportation expenses on an expense basis.

9. Inspection and Acceptance. The NAFI is responsible for performing inspection and acceptance of services rendered, including inspection of any records maintained by the Contractor.

10. Scheduling and Assignment of Students. The aero club manager determines the eligibility of and schedules members of the NAFI for instruction. All students are assigned by the NAFI manager through the Chief Flight Instructor with the concurrence of the Flight or Ground Instructor.

11. Proficiency. The Contractor agrees to maintain proficiency under appropriate Federal Aviation regulations and Air Force regulations, and to comply with all applicable laws and regulations pertaining to flight safety, aircraft utilization, and appropriate Federal and state directives pertaining to flying. Aero club aircraft may be used at the rental rate to maintain proficiency if the instructor is eligible for aero club membership. The instructor may be given the required annual standardization check flight by the club flight instructor in aero club aircraft.

12. Option to Extend Term of Contract. This Contract, unless sooner terminated as hereinafter provided, may be renewed for a like term by mutual agreement in writing of the parties hereto, subject to approval in the same manner as this instrument. However, in no event will such renewal exceed a period of 10 years from the date of the original Contract.

13. Effective Date of Contract. This contract becomes effective when signed by the Contracting Officer and Contractor.

14. Contractual Contents. This contract consists of the following documents: a. Schedule (Introductory paragraph and paragraph 1-14, and signature page).....Page(s)\_\_\_thru\_\_\_; b. Appendix\* (Schedule of Services and Compensation).Page(s)\_\_\_thru\_\_\_; c. General Provision (Clause thru\_\_\_\_\_) ..... Page(s)\_\_\_thru\_\_\_.

IN WITNESS whereof the parties hereto set their hands this day of\_\_\_\_\_19\_\_.

FOR THE NAFI:

FOR THE CONTRACTOR

\_\_\_\_\_  
Signature of Contracting Officer

\_\_\_\_\_  
Signature of person authorized to sign contract

\_\_\_\_\_  
SSAN

\_\_\_\_\_  
Type or print name

\_\_\_\_\_  
Type or print name

Address and phone number

Address and phone number

This contract, including the general provisions, has been reviewed and determined to be legally sufficient.

\_\_\_\_\_  
Signature of Staff Judge Advocate

\_\_\_\_\_  
(Date)

(NOTE: This sample contract format is intended for guidance only, and may require modification because of local conditions or in order to accommodate the requirements of a specific Air Force directive.)

\*Insert Appendix A, B, or C.

## **APPENDIX A**

### **CHIEF FLIGHT INSTRUCTOR'S SCHEDULE OF SERVICES AND COMPENSATION**

1. The Contractor agrees to act as the Chief Flight Instructor of the NAFI and general supervisor of flying performed within the activity. In executing this contract, the Contractor certifies that it possesses the minimum qualifications required by applicable Air Force, FAA, and NAFI directives, rules, and regulations. Furthermore, the Contractor agrees to accept the duties and responsibilities required by subject directives, rules, and regulations, and to perform these duties in the best interest of the NAFI .accordance with applicable Air Force, FAA, and NAFI directives, rules, and regulations.

3. The Contractor's responsibilities include, but are not limited to:

- a. Supervising all contract flight and ground instructors.
- b. Supervising the ground flight training programs.
- c. Certifying training reports, graduation certificates, and official recommendations of the school.
- d. Maintaining adequate instructional standards.
- e. Ensuring effective scheduling of aircraft, instructors, and students.
- f. Ensuring the maintenance of student progress accomplishment records and training folders.
- g. Conducting competency and standardization checks of instructors.
- h. Ensuring the proper conduct of student proficiency stage checks. When possible, the contractor will conduct student proficiency stage checks; however, compensation for night instructor duties while performing these checks is prohibited. Instructional fees collected for proficiency stage check flights revert to the NAFI.
- i. Maintaining liaison with the FAA in applying the techniques, procedures, and standards of the school.

j. Complying with all Air Force, FAA, and NAFI directives, rules, and regulations, including attendance at all standardization, safety, and flight instructors meetings.

k. Serving as advisor to the NAFI Board of Governors.

4. The NAFI furnishes the Contractor, at prevailing rates, suitable aircraft to meet currency requirements, and for proficiency and standardization check flights required by applicable directives.

5. In consideration for performance of services as chief flight instructor, set forth in this contract, the Contractor receives compensation for services at the rate of \$\_\_\_\_\_ monthly.

6. In addition to duties performed as Chief Flight Instructor, the Contractor also performs duties as a flight instructor in aircraft owned and operated by the NAFI and as a ground instructor to students enrolled in programs provided by the NAFI, and is compensated for said services performed at the rates set forth in the pertinent appendix.

**NOTE:**

If the Chief Flight Instructor is to perform duties as a flight instructor or a ground instructor, attach appendix B or C. If he or she is required to perform both duties, attach appendix B and C.

**APPENDIX B**

**FLIGHT INSTRUCTOR'S SCHEDULE OF SERVICES AND COMPENSATION**

1. The Contractor will furnish flight instruction in aircraft operated by the NAFI and ground instruction to students enrolled in programs provided by the NAFI. Such instruction is the result of mutual agreement between the students and the Contractor concerning flight scheduling in accordance with availability of aircraft furnished by the NAFI.

2. The flight instructor works under the general supervision of the designated Chief Flight Instructor, who establishes minimum standards of performance in accordance with applicable Air Force, FAA, and NAFI directives, rules, and regulations.

3. The Contractor's responsibilities include, but are not limited to:

- a. Complete supervision of all assigned students;
  - b. Maintenance and administration of training record and folders on all assigned students;
  - c. Compliance with all Air Force, FAA, and NAFI directives, rules, and regulations governing ground and flight operations, to include attendance at all standardization, safety, and flight instructors meetings.
4. The NAFI will furnish the Contractor, at prevailing rates, suitable aircraft to meet currency requirements, and for proficiency and standardization check flights required by applicable directives.
5. In consideration of agreements set forth in this contract the Contractor will receive compensation for flight instruction at the following rates:
- a. Primary Flight Instruction \$\_\_\_\_\_ per hour;
  - b. Commercial Flight Instruction \$\_\_\_\_\_per hour;
  - c. Instrument Flight Instruction \$\_\_\_\_\_ per hour;
  - d. Instructor's Flight Instruction \$\_\_\_\_\_ per hour;
  - e. Other (specify) \$ Per\_\_\_\_\_ hour.

**NOTE:**

If Contractor is to perform duties as a ground instructor, include Appendix C.

**APPENDIX C****GROUND INSTRUCTORS' SCHEDULE OF SERVICES AND COMPENSATION**

1. The Contractor will furnish ground instruction in the flight training programs operated by the NAFI.
2. The Ground Instructor works under the general supervision of the designated Chief Flight Instructor, who establishes minimum standards of performance in accordance with applicable Air Force, FAA, and NAFI directives, rules, and regulations.
3. The Contractor's responsibilities include, but are not limited to:
  - a . Completing supervision of all assigned students;

- b. Maintaining and administering student ground training record and folders;
  - c. Complying with all Air Force, FAA, and NAFI directives, rules, and regulations governing ground and flight operations, to include attendance at all standardization, safety, and flight instructors meetings.
4. In consideration of agreements set forth in this contract the Contractor will receive compensation for flight instruction at the following rates:
- a. Primary Flight Instruction \$\_\_\_\_\_ per hour;
  - b. Commercial Flight Instruction \$\_\_\_\_\_ per hour;
  - c. Instrument Flight Instruction \$\_\_\_\_\_ per hour;
  - d. Instructor's Flight Instruction \$\_\_\_\_\_ per hour;
  - e. Other (specify) \$\_\_\_\_\_ Per hour.

**NOTE:**

Rates may be established by the NAFI on a class or course basis as desired.



**Attachment 8****INDIVIDUAL SERVICE CONTRACT FORMAT****Contract No.**\_\_\_\_\_

This Contract, made and entered into this\_\_\_\_\_ day of\_\_\_\_\_, 19\_\_, by and between \_\_\_\_\_ (a nonappropriated fund instrumentality hereinafter called NAFI) and \_\_\_\_\_ (hereinafter called Contractor), is for a period of\_\_\_\_\_ subject to the provisions set forth hereunder.

WITNESSETH That:

WHEREAS the parties hereto desire to contract for the furnishing of \_\_\_\_\_ as more

particularly described in Appendix A hereto.

NOW THEREFORE, in consideration of mutual covenants and agreements between the parties hereto, it is agreed as follows:

1. Performance of Service. The Contractor agrees to perform services in accordance with the attached Appendix A at the prices set forth in Appendix B hereto. The NAFI will not be liable for any costs incurred by the Contractor other than those specified in Appendix B, which are subject to calls made by the NAFI for services performed in accordance with Appendix A.
2. Payment Cycle. In consideration for the services rendered, the NAFI agrees to pay the Contractor monthly, at the time of the normal payroll cycle, or on expiration of this contract, whichever occurs first. The daily, hourly, or monthly rate(s) to be paid the Contractor under the terms of this contract will be those amount(s) stipulated in Appendix B hereto, unless otherwise specified by a modification to this contract. An invoice or time statement must be submitted by the Contractor to the NAFI within 1 workday after the end of the normal payroll cycle.
3. Employer-Employee Relationship. The Contractor is not an employee of the NAFI and is not covered by Worker's Compensation, group life, accident or health insurance, and other benefits associated with an employer-employee relationship.

4. Hold and Save Harmless. The Contractor agrees to indemnify, save harmless, and defend the NAFI from and against any and all claims, demands, actions, debts, liabilities, and attorney's fees arising out of, claimed on account of, or in any manner predicated on loss of or damage to the property of, and injuries to or death of any and all persons whatsoever, in any manner caused or contributed to by the Contractor, his or her agents, servants, or employees. Contractor further agrees to indemnify and save harmless the NAFI from and on account of damages of any kind which the NAFI may suffer as the result of the acts of any Contractor's agents, servants, or employees.

5. Licenses, Taxes, Permits, and Fees. The Contractor is fully cognizant that this contract is a contract for services and that an employee-employer relationship does not exist between the Contractor and NAFI. Therefore, it is the Contractor's responsibility to obtain, at its own expense, all licenses and permits, and to pay such taxes and fees as may be required of the Contractor by federal, state and local governments in the execution of the terms of this contract.

6. Changes. The Contracting Officer, at any time, by written order, may make changes in or additions to the services to be performed by this contract, issue additional instructions, require modified or additional work or services within the general scope of the contract, or vary the amount of NAFI-furnished property. If any of said changes cause any increase or decrease in the cost of, or in the time required for, performance of this contract, an equitable adjustment will be made in the contract price or term of performance, or both, and the contract will be modified in writing accordingly. Any claim by the Contractor for adjustment under this clause must be asserted within thirty calendar days from the date of receipt by the Contractor of the notification of changes provided, however, that the Contracting Officer, if he or she decides that the facts justify such action, may receive and act on any such claim asserted at any time prior to final payment under this contract. Failure to agree to any adjustment will be a dispute concerning a question of fact within the meaning of the clause of this contract titled "Disputes." However, nothing in this clause excuses the Contractor from proceeding with the contract as changed, and it is limited to proceeding with its appeal pursuant to the provision titled "Disputes."

7. Pricing of Adjustments. When costs are a factor in any determination of a contract price adjustment pursuant to the Changes clause or any other clause of this contract, such costs shall be in accordance with Part 31 of the Federal Acquisition Regulation and the DOD FAR supplement in effect on the date of this contract.

8. Payment Rates. Payment for services performed by the Contractor, as set forth in appendix A of this Contract, will be made at the rates prescribed in appendix B hereto, upon submission by the Contractor of proper invoices or time statements to the NAFI designated herein and at the time provided for herein. In addition to the foregoing the Contractor is paid (i) a per diem rate in lieu of subsistence for each day the Contractor is in a travel status away from his or her home or regular place of employment in accordance with standardized US Government Travel Regulations; and (ii) such other transportation expenses as may be provided for in appendix B hereto. Payments must be made in accordance with the clause titled "Invoices" of AF Form 2210.

9. Inspection and Acceptance. The NAFI is responsible for performing inspection and acceptance of services rendered? including inspection of any records maintained by the Contractor.

10. Contractual Contents. This Contract consists of the following documents:

- a. Schedule (Introductory paragraph and paragraph 1-10, and signature page).....Page 1 thru\_\_\_\_\_ .
- b. Appendix A (Schedule of Services) .....Page 1 thru\_\_\_\_\_ .
- c. Appendix B (Schedule of Compensation) .....Page 1 thru\_\_\_\_\_ .
- d. General Provisions (Clause 1) .....Page 1 thru\_\_\_\_\_ .

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Signature of Contracting Officer

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Signature of Contractor

---

Type or print name

---

Type or print name

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Address

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Address

---

Phone No.

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Phone No.

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SSAN

---

Date

---

Date

## APPENDIX A

### SCHEDULE OF SERVICES

(Officials)

1. The undersigned agrees to perform services as an official, scorer, timer, or other position in accordance with that sport's current rules, and furnish and wear the uniform and equipment as directed by the rules of the sport. The person serving as an official must report to the game site not later than 15 minutes before scheduled time of the contest; 1 hour if varsity competition.
2. Individuals are encouraged to attend MWR preseason sport clinics, national sport clinics, and workshops that enable improvement of their knowledge of the current rules. Officials must maintain current national or local ratings and membership to qualify for officiating a varsity-level contest.
3. The officials must inspect and approve all equipment to be used in said contest before the scheduled starting time of the game .
4. The chief official signals the start of each contest. If the home team is not indicated on the schedule or has not been predetermined, the chief official tosses a coin to determine the home team. Officials have the authority to forfeit a game when conditions warrant as determined by the rules of the sport.
5. Jurisdiction of the officials ends on completion of the game and the score book has been signed and approved by the officials concerned.
6. If any player is ejected from a game or contest for any reason, the referee notifies the proper authority not later than the first duty day following the contest.
7. When assigned a sport involving play on an outdoor court or field, the officials are responsible for turning off the lights and securing the switch box on completion of the last game of the night.
8. The Contracting Officer agrees to pay the rates as specified in Appendix B based on the scheduled level of competition and the sport involved. Officials that report to a game or contest without prior notification of cancellation or postponement are paid the prescribed fee for one game only. Period of payment is determined by management and is made by a check.

## **APPENDIX B**

### **SCHEDULE OF COMPENSATION**

#### **(Rates of Officials' Pay)**

Item No.	Description of Sport	Rate(s)
A.	Basketball-Varsity.....	\$____ea
	Game officials (2)(men) .....	\$____ea
	Game officials (2)(women) .....	\$____ea
	Scorer.....	\$____
	Timer.....	\$____
B.	Basketball-Intramural	
	Game officials (2) .....	\$____ea
	Scorer.....	\$____ea
	Timer.....	\$____ea
C.	Soccer-Varsity	
	Referee(1) .....	\$ ____ea
	Linesman(2) .....	\$____ea
D.	Soccer-Intramural	

Referee(2) .....\$\_\_\_\_ea

If linesman used (2) and only 1 referee..\$\_\_\_\_ea

E. Softball-Varsity-Fast Pitch

Game officials (2) .....\$\_\_\_\_ea

Tournaments (2) .....\$\_\_\_\_ea

Announcer/scorer .....\$\_\_\_\_

F. Softball-Varsity-Fast Pitch

Game officials (2) .....\$\_\_\_\_ea

Game championship (3) .....\$\_\_\_\_ea

Announcer/scorer .....\$\_\_\_\_

G. Softball-Varsity-Slow Pitch (men) & (women)

Game officials (2) .....\$\_\_\_\_ea

Tournaments (2) .....\$\_\_\_\_ea

Announcer/scorer .....\$\_\_\_\_

H. Softball-Intramural-Slow Pitch

Game officials (2) .....\$\_\_\_\_ea

Base championship (3) .....\$\_\_\_\_ea

Announcer/scorer .....\$\_\_\_\_

I. Chief of officials (sport) .....\$\_\_\_\_

J. Intramural Secretary (sport) .....\$\_\_\_\_

**NOTE:**

Use this listing as a guide since it does not include all sports.)

**Attachment 9****CONSIGNMENT CONTRACT FORMAT**

**Contract No.**\_\_\_\_\_

This contract, made this\_\_\_\_day of\_\_\_\_\_, 19\_\_is between the\_\_\_\_\_, hereinafter called the NAFI, by and through its duly authorized Contracting Officer and\_\_\_\_\_, established and operating under the applicable laws in the State of\_\_\_\_\_, hereinafter referred to as the Contractor.

WITNESSETH, that the NAFI engages the Contractor to furnish merchandise on consignment in accordance with the terms and conditions herein.

**SCHEDULE****ARTICLE I. The NAFI agrees to:**

1. Accept from the Contractor certain merchandise selected by the authorized representative of the NAFI to be used (as award merchandise) (for resale purposes). Each item accepted remains in the custody of the NAFI until such time as it is awarded to an individual, purchased by a NAFI patron, or returned as otherwise provided herein.
2. Return defective items to the Contractor in original packing cartons, if possible. All other items accepted from the Contractor under the "sale or return" provisions of this contract will be returned to the Contractor in the condition received by the NAFI.
3. Be responsible for any loss or damage to any merchandise in its custody pursuant to this contract which is caused by intentional misconduct or negligence of any of its employees; but the NAFI will not be responsible for loss or damage due to other causes.
4. Prepare and send to the Contractor a numbered purchase order listing the consigned items which the NAFI exercises its option to purchase, within\_\_\_\_ days after exercising that option by transferring the item to a third party. Said purchase order will reflect the code number, stock number, name, and description of the item as listed on the consignment list of merchandise delivered to the NAFI, and indicate whether stock is to be replenished with like items.



5. Furnish a list of personnel authorized to place written orders for stock replenishment. (No oral orders will be made except under emergency circumstances.)

ARTICLE II. The Contractor agrees to: .

1. Furnish merchandise on consignment as selected by the Contracting Officer or designated representative(s). The price of the merchandise will be as agreed to at the time of selection, if not listed on the approved price listing attached hereto. All merchandise will be delivered in its original packaging or containers.

2. Submit with each delivery, a numbered consignment list containing the code numbers, stock numbers, adequate description of each item on consignment, and the wholesale price which the NAFI will be charged if and when it exercises its option to purchase said item.

3. Replace defective items at no expense to the NAFI, including necessary transportation.

4. Permit the NAFI to retain possession of each delivered item indefinitely (up to the expiration or termination of this contract) before exercising its option to purchase the item or to return any delivered item at any time at its option.

5. Accept the return of any item from the NAFI within\_\_\_\_ workdays after receipt of the notice that the NAFI has decided to return said delivered item.

6. Bear the entire expense of delivering the consigned items to, and picking up the returned items from the NAFI.

7. Not charge the NAFI nor send it a bill (invoice) for any delivered article(s) before receiving notification that the NAFI has elected to exercise its option to purchase such goods.

8. Furnish monthly statements, in the form of invoices, which indicate the purchase order(s) and contract number, items selected, and the total amount charged for each item that the NAFI has exercised its option to purchase.

9. Set up an automatic replenishment schedule for replacement of articles selected, whereby the NAFI stock level remains constant.

10. Designate and appoint an authorized representative who will have all the authority of the Contractor vested in him or her for the execution of this contract and will also have delegated the responsibility for supervising the satisfactory performance of the terms and conditions of this contract. The authorized representative of the contractor is:

Name: \_\_\_\_\_ Telephone: \_\_\_\_\_,  
Address \_\_\_\_\_

11. Furnish a copy of the current price list(s) . Prices listed will be firm until written revisions are submitted and approved by the Contracting Officer. Quantity discounts will be as listed below. The discount will be deducted each month from the monthly statement (invoice):

Up to \$ \_\_\_\_\_ per month \_\_\_\_\_ %

\$ \_\_\_\_\_ to \$ \_\_\_\_\_ per month \_\_\_\_\_ %

\$ \_\_\_\_\_ to \$ \_\_\_\_\_ per month \_\_\_\_\_ %

\$ \_\_\_\_\_ to \$ \_\_\_\_\_ per month \_\_\_\_\_ %

\$ \_\_\_\_\_ to \$ \_\_\_\_\_ per month \_\_\_\_\_ %

12. Furnish a list of personnel to contact at its place of business.

13. Bear the expense of lost or damaged merchandise when not caused by intentional misconduct or negligence on the part of NAFI employees.

14. This agreement is automatically terminated in the event the NAFI is dissolved.

### ARTICLE III.

It is mutually agreed as follows:

1. Invoices. Invoices for payment will be submitted on a monthly basis in an original and two copies to the following address: \_\_\_\_\_

2. Payments. Payments by the NAFI to the Contractor will be made by check each month, or more frequently as determined by the NAFI. Payments will be forwarded to the following address: \_\_\_\_\_  
\_\_\_\_\_

3. Discounts. Prompt payment discount time will be computed from the date a properly prepared invoice is received at the specified NAF Financial Management Branch for items the NAFI has elected to exercise its option to purchase. Payment is made for discount purposes when the check is placed in the mail.

4. Warranty of Goods. The Contractor agrees that the supplies or services furnished under this contract will be covered by the most favorable commercial warranties the Contractor gives to any customer for such supplies or services; and that the rights and remedies provided therein are in addition to and do not limit any rights afforded to the NAFI by any other clause of this contract or otherwise.

5. Taxes. The prices herein reflect full reduction for taxes which are nonapplicable. In addition to exemption from Federal excise taxes by virtue of exportation, all tangible personal property sold to NAFIs for resale is exempt from State sales and use taxes. All sales, other than for resale, depend on State law or Federal constitutional immunity for exemption from State sales or use taxes.

6. Contract Period. The contract period will be from \_\_\_\_\_ 19\_\_\_\_, or date of award, whichever is later, for a period of 1 year, unless terminated or extended. This contract may be extended on a year-to-year basis for a period not to exceed 10 years from the original award date.

7. Title to Merchandise. The title to all merchandise (including any display equipment) on consignment to the NAFI shall remain vested in the Contractor until the NAFI transfers possession to a third party by award or sale, at which time the NAFI transfers title as agent for the Contractor.

8.. Hold and Save Harmless. The Contractor must indemnify, save harmless, and defend the NAFI, its outlets, and customers from any liability, claimed or established, for violation or infringement of any patent, copyright, or trademark right asserted by any third party with respect to goods hereby ordered or any part thereof. Contractor further agrees to hold NAFI harmless from all claims or judgments for damages resulting from the use of products listed in this contract, except for such claims or damages caused by or resulting from the negligence of NAFI customers, employees, agents, or representatives. Also, Contractor will at all times hold and save harmless the NAFI, its agents, representatives, and employees from any and all suits, claims, charges, and expenses which arise out of acts or omissions of the contractor, its agents, representative, or employees. It is expressly agreed that this written contract embodies the entire agree-

ment of the parties in relation to the subject matter, and that no understandings or agreements, verbal or otherwise, in relation thereof exist between the parties except as herein expressly set forth.

#### CONTRACTUAL CONTENTS.

This contract consists of the following:

(1) Schedule (Introductory paragraph and Articles 1 through III, and signature page).....Page(s)\_\_\_\_thru\_\_\_\_

(2) General Provisions (Clauses 1- )\_\_\_\_.....Page(s)\_\_\_\_thru\_\_\_\_. This contract has been reviewed and determined to be legally sufficient.

\_\_\_\_\_  
(Signed by Staff Judge Advocate or representative)\_\_\_\_\_(Date)

IN WITNESS whereof the parties hereto set their hands this\_\_\_\_ day of\_\_\_\_, 19\_\_\_\_.

FOR THE NAFI:

FOR THE CONTRACTOR:

\_\_\_\_\_  
Signature of Contracting Officer  
contract)

\_\_\_\_\_  
(Signature of person authorized to sign

\_\_\_\_\_  
Type or print name

\_\_\_\_\_  
Type or print name

\_\_\_\_\_  
Address and phone number

\_\_\_\_\_  
Address and phone number

***NOTE:***

This sample contract is intended for guidance only, and may require modification because of local conditions or the details of the negotiated arrangement.)

**Attachment 10****CHARTER FLIGHT AND TOUR DESK CONCESSIONAIRE CONTRACT FORMAT**

**Contract No.**\_\_\_\_\_

This contract is hereby made and entered into on this \_\_\_\_ day, \_\_\_\_\_ 19\_\_\_\_ by and between the \_\_\_\_\_, hereinafter called the NAFI, and \_\_\_\_\_, hereinafter called the Concessionaire. The NAFI is a nonappropriated fund instrumentality of the United States Government. No appropriated funds of the United States will become due to be paid to the Concessionaire by reason of this contract. For and in consideration of the agreements hereinafter set forth and the payments to be made as hereinafter stipulated, it is mutually agreed between the parties hereto:

ARTICLE 1. Facility. The premises, known as the \_\_\_\_\_ located at \_\_\_\_\_, will hereinafter be referred to as the Facility.

ARTICLE 2. Terms. The term of this contract, unless sooner terminated, as hereinafter provided, will be \_\_\_\_ year(s) from the above date; but it may be renewed for a like or lesser term by mutual agreement in writing of the parties hereto, subject to approval in the same manner as this agreement. However, in no event shall such renewals exceed an accumulated period of 10 years from the date of the original agreement.

ARTICLE 3. Services:

Option No. 1 (For bases that have a Scheduled Airline Office (SATO) or branch in one of the 50 states or District of Columbia):

a. The Concessionaire will establish and provide in the Facility a concession to provide ticketing services (tickets to sporting, cultural, amusement, and like events) and tour services. Tour services include arranging recreational tourism services, accommodations, and other itineraries using buses, ships, automobiles, trains, and airplanes. Such service includes the sale of transportation; however, tickets for transportation in scheduled commercial airlines may be sold only by the SATO.

b. The services provided by the Concessionaire will be to members of the Armed Forces and the dependents and other authorized personnel in accordance with applicable regulations and international agreements. The Concessionaire will be responsible for identifying potential customers and ensuring that only authorized persons are serviced under the terms of this contract.

c. The Concessionaire will use the services of American flag carrier in preference to foreign flag carriers if the American carrier is available and can provide the service, and if the foreign flag carrier's fare is not significantly lower ( 10 percent or more).

Option No. 2 (For bases that do not have a SATO or branch in one of the 50 states or District of Columbia):

- a. The Concessionaire will establish and provide in the Facility a concession and an information, ticket, and tour office to provide ticketing services (tickets to sporting, cultural, amusement, and like events), tour services, and unofficial transportation. Tour services include arranging recreational tourism services, accommodations, and other itineraries. Unofficial transportation may be arranged for individual travel or for tour using buses, ships, automobiles, trains and airplanes.
- b. The services provided by the Concessionaire will be to the members of the Armed Forces and their dependents and other authorized personnel in accordance with applicable regulations and international agreements. The Concessionaire will be responsible for identifying potential customers and ensuring that only authorized persons are serviced under the terms of this contract.
- c. The Concessionaire will use the services of American flag carriers in preference to foreign flag carriers for official travel if the American carrier is available and can provide the service, and if the foreign flag carrier's fare is not significantly lower (10 percent or more).

Option No. 3 (For Overseas Use, Except Alaska and Hawaii):

- a. The Concessionaire will establish and provide in the Facility a concession to arrange and sell recreational tourism services, accommodations, and other itineraries using commercial transportation services for travel. Such services include the sale of transportation subject to one of the following options:

\_\_\_\_ Official travel with negotiated discount rates with no income generated to the NAFI,  
plus unofficial travel with income generated to the NAFI.

\_\_\_\_ Unofficial travel only, with income generated to the NAFI.

- b. The services provided by the Concessionaire will be to the members of the Armed Forces and their dependents and other authorized personnel in accordance with applicable regulations and international agreements. The Concessionaire will be responsible for identifying potential customers and ensuring that only authorized persons are serviced under the terms of this contract.
- c. The Concessionaire will use the services of American flag carriers in preference to foreign flag carriers for official travel if the American carrier is available and can provide the service, and if the foreign flag carrier's fare is not significantly lower (10 percent or more).

#### ARTICLE 4. Charges:

- a. The Concessionaire will provide the NAFI with a schedule of fees and charges for services to be rendered in accordance with the terms of this contract. The Concessionaire will adhere to such fees and charges. The schedule must be acceptable to the NAFI before this contract becomes effective. Such schedule must be attached to and made a part of this contract, marked Schedule A, and may be changed on written approval of the NAFI.

b. All fees charged for services rendered by the Concessionaire under the terms of this contract will be paid and received at the Facility; or at such other places approved by the Contracting Officer. No eligible customer seeking services at the Facility will be diverted to any other office or place of business owned, operated, or controlled by the Concessionaire; nor will the customer be diverted to any other tour agency that will refund to the Concessionaire any part of any fee, collected from such customer for services rendered, or in any way reimburse the Concessionaire for services rendered to such customer.

c. The Concessionaire will give to each customer a receipt for all fees paid. A copy of each receipt will be retained for the NAFI. At the end of each calendar month the Concessionaire will provide the NAFI with copies of all receipts given for all the fees collected during that month. Receipt forms will be pre-numbered and the Concessionaire will be held strictly accountable for all receipts.

d. If a customer has arranged for a (tour)(charter flight)(tour or charter flight) which he or she is unable to make because of a cause beyond his or her control, the Concessionaire agrees to relieve the customer from any and all liability arising in connection with such (tour)(charter flight)(tour or charter flight). The Concessionaire will make full refund of all deposits made by a customer, at the request of the customer, for a scheduled flight, when such scheduled flight is delayed for more than 12 hours or is canceled, provided the Concessionaire cannot furnish alternate transportation at no additional cost within a time limit which is acceptable to the customer. Such refund will be made without prejudice to any other rights of the customer.

e. The price of a ticket sold for a chartered flight, regardless of the location of the customer, will not exceed the charge for tickets sold at the station of departure and return of the chartered flight.

ARTICLE 5. Operation. The Concessionaire will be open for business according to the daily written schedule attached to and made an integral part of this contract. Any proposed change to this schedule will be subject to written acceptance by the Contracting Officer (see Schedule B).

ARTICLE 6. Support. The Concessionaire will be provided with heat, light, electricity, and approximately\_\_\_\_ square feet of floor space at the Facility. The concessionaire will be responsible for providing and paying for its own telephone service. The concessionaire, its representatives, agents, and employees will not use any telephone for which it has not provided at the Facility. Office furniture, equipment, accessories, and supplies necessary for the operation to its business will be provided by the Concessionaire. Concessionaire will be responsible for paying all operating expenses not expressly undertaken by the NAFI as provided herein.

ARTICLE 7. Consideration. The Concessionaire will remit to the NAFI\_\_\_\_ percent of the total charges for services rendered under this contract. This amount will be computed and paid on a monthly basis. Payment will be made to the NAFI not later than the fifth workday of the month following the month during which the charge is made to the customer. Each receipt to a customer will indicate only the total charge for services rendered and arrangements made.



ARTICLE 8. Insurance. The Concessionaire will procure and maintain at its own expense and from a company or companies acceptable to the NAFI the following insurance covering all phases of its business conducted in accordance with the provisions of this contract, and will furnish the NAFI with a certificate of insurance. In the event of modification, cancellation, or nonrenewal, the NAFI will be given 10 calendar days prior notice.

a. Worker's Compensation Insurance and Employer's Liability Insurance. The Concessionaire's insurance coverage hereunder will comply with the requirements and benefits established by the laws of \_\_\_\_\_ (state or country).

b. Third Party Public Liability Insurance with a minimum combined single limit of \$1,000,000 (see note under Article 9) for bodily injury and property damage. Further, the Concessionaire warrants, by the execution of this contract, that each airline contracted by it to provide tour or charter flight service under this contract has adequate insurance as required by regulations of the Civil Aeronautics Board (CAB) and the Warsaw Convention, as amended by the Hague Protocol and IATA Proposal. On demand of the Contracting Officer, the Concessionaire agrees to furnish copies of Certificates of Public Convenience and Necessity on foreign air carriers' permits and Certificates of Insurance.

ARTICLE 9. Bonding. The Concessionaire will post a minimum bond in the amount of \$10,000 (see note) under a bonding plan which the NAFI approved, such sum or any part thereof to be payable to the NAFI if the Concessionaire defaults or fails to perform any of its obligations under this contract. The contract will not become effective unless and until such bonding arrangement has been completed and executed by the Concessionaire .

NOTE: The amounts set forth in Articles 8 and 9 should be carefully evaluated by the MWRS Squadron Commander, to determine that all amounts shown are adequate for each type of contingency. The NAFI may accept valid evidence of a previously executed blanket-type bond with an executed amendment showing the surety's consent to an increase in the penalty sum thereof to specifically cover each agreement in the required amount.

ARTICLE 10. Licenses, Fees, and Taxes. The Concessionaire agrees to obtain at the Concessionaire's expense all permits, give all necessary notices, pay all license fees, and comply with all municipal (city), state, or federal laws, rules, ordinances, and regulations relating to the applicable business carried on under this contract; and to assume complete and sole liability for all Federal, state and local taxes applicable to the appropriate income and transactions of the Concessionaire. These requirements will also apply to operations in foreign countries and the Concessionaire expressly agrees to abide by all laws of any country in which it operates.

ARTICLE 11. Damage to Facility. The Concessionaire will be liable for any and all damage of any nature whatsoever, except fair wear and tear, to the Facility or property contained therein, caused by the Concessionaire, its representatives, agents, and employees.

ARTICLE 12. Nonagency Relationship. This contract is with the NAFI and not with any other part of the United States Government. It is understood and agreed that the undertaking and obligations of the Concessionaire are undertaken as an independent contractor and not as an agent of the NAFI or the United States. The Concessionaire has no power or authority to incur any debt, obligation, or liability of any kind whatsoever in the name of, or for the account of, the NAFI and will not use the name of the NAFI on letters, bills, signs, or by any other medium.

ARTICLE 13. Inspection. The Concessionaire agrees that the Auditor General of the United States Air Force or any of his or her duly authorized representatives or any person designated by the NAFI shall have the right to inspect or audit the accounts and methods of internal control established by the Concessionaire; and to make such inspections or audits as may be considered necessary to ensure strict compliance by the Concessionaire with all provisions of this contract and with applicable Air Force regulations. Furthermore, representatives of the United States Air Force, at any time, will be permitted to inspect the facilities assigned to the Concessionaire to ensure that proper standards of cleanliness are being maintained and fire prevention regulations are being observed.

ARTICLE 14. Applicable Air Force Directives. The Concessionaire agrees to comply with all Air Force directives, and with all memoranda, bulletins, and letters of instruction issued by the NAFI.

ARTICLE 15. Inconsistency Between Translations. In the event of inconsistency between any terms of this contract and any translation thereof into another language, the English language meaning controls.

ARTICLE 16. Removal of Property. On expiration of the terms fixed in this contract or on prior revocation or termination as herein provided, the Concessionaire must immediately remove all of his or her property from the premises. On failure to do so, the NAFI may cause such property to be removed at the expense of the Concessionaire.

ARTICLE 17. Removal of Employees. The Concessionaire agrees to correct the conduct of, or to remove from employment in the concession, any of his or her agents or employees whose conduct, in the opinion of the NAFI, in and about the premises covered by this contract, interferes with proper service or discipline.

ARTICLE 18. Prohibitions. The Concessionaire agrees that it will not sell or remove any property which is owned by the NAFI and is used in the operation of the concession; that it will not sublet any of the premises assigned to it; that it will not engage in or permit gambling or any gambling device on the concession premises; that it will not sell, deal in, or permit to be dealt in, on the concession premises, any form of intoxicating liquors or narcotics in any manner or form whatsoever; that it will not give or offer to any officer or employee of the NAFI any gift, privilege, special benefit, discount, or anything of a material or personal nature whereby said Concessionaire would receive preferential treatment.

ARTICLE 19. Responsibility for Injury, Death, or Loss. In case of injury, death, or loss suffered by a participant on a (tour)(charter flight)(tour or charter flight) arranged by the Concessionaire, for which a court of law has found the Concessionaire liable, the Concessionaire will bear all responsibility therefore and pay any and all damages in connection therewith. All (tour)(charter)(tour or charter) flight applications distributed on Air Force installations, facilities, or property will include a statement that the Air Force is not liable for accidents, injuries, damages, losses, delays, flight durations, cancellations, or any other claims arising from or in connection with the flight involved. Further, all applications will clearly state flight insurance coverage and the limitations of flight insurance of the booking agency and the operators of the aircraft.

ARTICLE 20. Safeguarding of Concessionaire Funds on a Base. It is the Concessionaire's responsibility to properly safeguard funds in its possession or left in its operating Facility. When funds in excess of \$100 are kept in the Concessionaire Facility during nonoperational hours, they will be secured in a steel safe equipped with a three position combination tumbler locking device. When funds in excess of \$500 are held in the Concessionaire Facility during nonoperational hours; the safe must:

- a. Be secured to the premises by being encased in a concrete bed; or
- b. Be bolted or steel-strapped to a floor beam or an internal wall support beam with the bolts or straps concealed to prevent cutting or prying; or
- c. Weigh more than 1,000 pounds. Concessionaire must have liability insurance commensurate with risks involved.

ARTICLE 21. Contractual Contents. This contract consists of the following documents:

- a. Schedule (Introductory paragraph ARTICLES 1 through 21, and signature page.....Page(s) 1 through \_\_\_\_.
- b. General Provision (Clause 1-\_\_\_\_).....Page(s)\_\_\_\_through\_\_\_\_.

FOR THE NAFI:

FOR THE CONTRACTOR:

\_\_\_\_\_  
Signature of Contracting Officer

\_\_\_\_\_  
Signature of person authorized to sign Contract

\_\_\_\_\_  
SSAN

\_\_\_\_\_  
Type or print name

\_\_\_\_\_  
Type or print name

---

Address and phone number

---

Address and phone number

**Attachment 11****TICKET CONSIGNMENT AGREEMENT**

**Contract No.**\_\_\_\_\_

THIS AGREEMENT is entered into by and between\_\_\_\_\_, (a nonappropriated fund instrumentality) of the United States Air Force (hereinafter called the NAFI) and\_\_\_\_\_,(hereinafter called the Vendor).

ARTICLE 1 - Period of Performance. This ticket consignment agreement covers the period\_\_\_\_\_ through\_\_\_\_\_. In no event shall the performance period exceed a total of five (10) years.

ARTICLE 2 - Ticket Consignment Control Sheet. A Ticket Consignment Control Sheet (TCCS) will be used by the NAFI and Vendor to control the consignment of tickets for each entertainment event.

ARTICLE 3 - The Vendor Agrees to:

- a. Furnish tickets to the NAFI Information Ticket and Tour Office (ITTO) for the entertainment events selected by the NAFI, in a quantity and at a price agreed to by both parties;
- b. Upon request by the NAFI, furnish additional tickets, if available, providing the NAFI has already paid for an equivalent number of tickets for the same entertainment event;
- c. Furnish, free of charge, reasonable amounts of promotional material such as brochures, posters, flyers, etc., as available, for the ITTO to use in advertising entertainment events.

ARTICLE 4 - The NAFI Agrees To:

- a. Assume full responsibility for consigned tickets and pay the Vendor the price agreed to on the TCCS for all returned tickets.
- b. Advertise and support entertainment events by use of promotional material furnished free of charge by the Vendor;
- c. Remit payment at the agreed price for tickets sold, no later than the 10th day of each month, for all tickets sold the previous month, with final payment due 10 days after the ticket sales cut-off date established for each event;
- d. Continue to sell the tickets for entertainment events until the ticket cut-off date or cancellation of the event;

- e. Return all unsold tickets in person or by certified mail at the time final payment is made to the Vendor.

ARTICLE 5 - Cancellation of Event. The Vendor and NAFI agree to take the following action within 7 calendar days after an event is canceled.

- a. The Vendor will refund to the NAFI all monies for tickets previously paid for by the NAFI.  
b. The NAFI will return all unused tickets by certified mail or hand carry them to the Vendor.

ARTICLE 6 - Contractual Contents - This ticket Consignment Agreement consists of the following:

- a. Ticket Consignment Agreement .....Pages 1 thru\_\_\_\_  
b. Attachment No. 1, Ticket Consignment Control Sheet ..(1 page).  
c. General Provisions, AF Form 2210 (Clauses 1- ) ..Pages 2 thru\_\_\_\_

We the undersigned, have read, understand and agree to the preceding articles.

FOR THE NAFI:

FOR THE VENDOR:

\_\_\_\_\_  
(Signature of Contracting Officer)

\_\_\_\_\_  
(Signature of Vendor)

\_\_\_\_\_  
(Type or Print Name)

\_\_\_\_\_  
(Type or Print Name)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(Phone No.)

\_\_\_\_\_  
(Phone No.)

\_\_\_\_\_  
(Date Signed)

\_\_\_\_\_  
(Date Signed)

## Attachment 12

## CREDIT CARD CONTRACT FORMAT

Contract No. \_\_\_\_\_

THIS CONTRACT, by and between the \_\_\_\_\_, hereinafter called the NAFI, by and through its duly authorized Contracting Officer, and the \_\_\_\_\_ the \_\_\_\_\_ (name of bank) hereinafter called the contractor, is for the period \_\_\_\_\_, through \_\_\_\_\_, subject to the provisions set forth hereunder. It establishes \_\_\_\_\_ for use by the NAFI. (credit card system)

ARTICLE I. The Contractor agrees:

A. To charge a discount rate of \_\_\_\_\_(%), not to depend in any way on the number of charges or dollar amount of charges, to be levied on charge sales and membership dues. The term "discount rate" means the percentage of the face amount of sales drafts and membership dues to be deducted by the Contractor as compensation for transactions performed for the NAFI. The discount rate should cover all associated costs for the credit card account.

B. To furnish, without charge, all machines, paper and any other materials required for operation of this system. In addition, the Contractor will provide training, without charge, to NAFI employees who will be working with the system. During the term of this contract, the Contractor will provide maintenance necessary to keep the machines in working condition, replenish all supplies as necessary, and train any new NAFI employees, all of which will be provided at no additional cost to the NAFI.

C. To post to the NAFI account at (name of bank) \_\_\_\_\_ cash credit less the agreed discount rate for all sales drafts and dues, and prorate party lists no later than three (3) business days following delivery of such sales drafts to the Contractor.

D. Without charge to the NAFI, set up a credit charge billing system from data provided by the NAFI, and issue a multiple address letter to the NAFI members which explains in detail the credit system and how they will receive their charge card(s). This will be a joint letter from the NAFI management and the Contractor, approved by the Contracting Officer, explaining when and how the accounts are to be transferred and the last date that the existing cards will be honored by the NAFIs.

E. To prepare an application form which complies with applicable laws and existing AF directives for use by NAFI members in applying for their charge card(s). The application form shall state that all embossed cards shall be returned to the Contractor upon open mess membership cancellation, permanent change of station (PCS), discharge from the Air Force, or termination of employment by civilian personnel.

F. (Name of Bank)\_\_\_\_\_will establish a line of credit based on each individual's application and the contractor's normal credit policy. The line of credit will be determined by the Contractor and will not be based on rank or grade of the individual member.

G. To issue without charge, within 30 calendar days after receipt of an application approved by the NAFI Manager, unless problems exist in obtaining adequate credit information, Type 1 plastic charge card(s) directly to each member and spouse if applicable. Any disapproval of credit for a member or patron must be based upon an individual credit check by a commercial agency. If a credit card is not issued based on a credit check, the contractor will notify the applicant of the reason why the applicable card was not issued. Three types of cards as described below, will be made available to members. A different color shall be used for each type of card. Each card shall be appropriately embossed "\_\_\_\_OCM" or "\_\_\_\_NEC", except as stated below,

Type I: For those members qualifying and requesting a universal charge service a standard\_\_\_\_\_(credit card) will be issued without embossing. If a member requests an embossed card, it will be issued by the contractor.

Type II: Those members who wish to restrict their use of charge service to purchase from the NAFIs or do not qualify for a regular \_\_\_\_\_(credit card) will be issued a membership card compatible with the credit charge system.

Type III: Those members who desire no credit (other than dues) or who fail to qualify for credit (other than dues) will be issued a membership card with no credit authorized. Members who desire a Type II or Type III card in addition to a Type I card will be issued either card of their choice.

H. Free of charge to prepare and mail a monthly statement of out-standing dues and charges to each NAFI member. Additionally, free of charge to mail each month a social calendar and other data furnished by the NAFIs not later than the\_\_\_\_work day of each month (Monday through Friday, excluding Federal holidays) for the next month's events. The contents to be mailed will not exceed the normal postage paid for mailing of statements. There are two calendars - one for NCO Open Mess members and one for Officers' Club members. The monthly calendar must be received by members prior to the first day of the month for which the events are scheduled. If necessary, due to Contractor's billing cycle or Contractor's error, a separate mailing will be accomplished free of charge .

I. To charge NAFI members interest only on Type I accounts. Interest will not be charged on Type II or Type III accounts. A late payment charge may be added to Type II and III accounts at the discretion of the Commander. Late payment charges are the property of the NAFI.

J. To indemnify, save harmless and defend the NAFI from and against any and all claims, demands, actions, debts, liabilities and attorney's fees arising out of, claimed on account of, or in any manner predicated upon loss of or damage to property of, and injuries to or death of any and all persons whatsoever, in any manner caused or contributed to by the Contractor, his agents, servants, or employees while in, upon, or about the military installation wherein work or visits are to be performed, or while going to or departing from the same; and to indemnify and save harmless the NAFI from and on account of damages of any kind which the NAFI may suffer as the result of the acts of the Contractor's agents, servants, or employees.

K. To save the NAFI harmless from all claims arising from damage, loss, or theft of Contractor property while in the possession of the NAFI.



L. That the discount rate and interest rate or other consideration does not include any Federal, State, or local tax or duty from which the NAFI is exempt due to its status as an instrumentality of the Federal Government. The prices herein reflect full reduction for taxes which are nonapplicable.

M. To provide the NAFI without charge a monthly alphabetical and numerical listing of all members, and to provide a listing of members to include mailing addresses when requested by the NAFI. Additionally, to provide the NAFI without charge a weekly listing of all new and departing members.

N. Upon expiration or termination of this contract, without charge, return to the NAFI a current membership list to include complete mailing address and provide other available data as requested by the NAFI.

## ARTICLE II - The NAFI Agrees

A. To grant the Contractor the prerogative of recalling a Type 1 embossed charge card; however, a Type 2 or Type 3 membership card must be issued simultaneously. A Type 2 or Type 3 membership card will not be recalled without the advance approval of the NAFI manager.

B. To make every reasonable effort to ensure that when a NAFI member is separated from the service or transferred from the area, that his or her open mess membership card is returned to the Contractor.

C. The Contractor has no responsibility for any member's indebtedness to the NAFI.

D. To forward to the Contractor daily, or as required, applications for membership. To forward daily, or monthly as required, an addendum which deletes departing or terminating members to permit proper dues billing.

## ARTICLE III. The Contractor and NAFI further agree as follows:

A. Upon mutual agreement of both parties, this contract may be extended on a year-to-year basis for a period not to exceed a total of 10 years from the implementation date of operation, providing the contract period in the introductory paragraph is less than 10 years.

B. Either the Contractor or the Contracting Officer may terminate this contract for convenience by giving 90 days written notice of termination to the other party. This provision in no way alters or waives the NAFI's rights under the clauses titled "Termination for Convenience" and "Termination for Default", AF Form 2210, **General Provisions**.

C. Beyond the first year the discount rate set forth in ARTICLE I, paragraph A, is subject to change based upon the mutual agreement of the parties hereto.

D. This contract shall become effective only after it has been reviewed and determined to be legally sufficient by the Air Force and has been signed by both parties.

E. After coordination with the NAFI, the Contractor will have recourse to charge back to either Club those dues and charges on Type 2 and Type 3 accounts. Sales drafts which are disputed by customers of the NAFI will be charged against the NAFI's account (less discount) and returned to the NAFI. No other buy back provisions are authorized in this contract.

F. All costs (i.e., maintenance, supplies, etc.) associated with this agreement should be included as part of the discount rate. If this is not possible, the additional charges will be made via a debit advice direct to

the base and hard charged to the bank statement no charges will be included/shown on the account analysis.

G. The General Provisions attached and incorporated herein as an integral part of this contract take precedence over any and all other terms and conditions herein. Any provision that conflicts with those General Provisions will not be effective and considered null and void. This is a federal government contract and federal laws will be relied upon for interpretation. State laws do not apply.

G. There are no verbal or other arrangements in addition to, or in contradiction of, the terms and provisions herein set forth. **CONTRACTUAL CONTENTS:** This contract consists of the following:

(1) Schedule (Introductory paragraph and ARTICLES I through III) and signature page

.....page(s) \_\_\_\_ through \_\_\_\_

(2) General Provisions (clauses 1-\_\_) .....page(s) \_\_\_\_ through \_\_\_\_

---

(Signed by Staff Judge Advocate or Representative)

(date)

FOR THE NAFI:

FOR THE CONTRACTOR:

---

(Signature of Contracting Officer)

---

(Signature of person authorized to sign contract)

---

(type or print name) (date)

---

(type or print name) (date)

---

(address and phone number)

---

(address and phone number)

(NOTE: This sample contract is intended for guidance. It may be modified due to local conditions or the details of the negotiated arrangement.)

## Attachment 13

## CONCESSIONAIRE CONTRACT FORMAT

Contract No. \_\_\_\_\_

## ARTICLE I:

That:

1. This Concessionaire contract by and between the \_\_\_\_\_ hereinafter referred to as the NAFI, and \_\_\_\_\_, hereinafter referred to as the Concessionaire, is for the Concessionaire to provide \_\_\_\_\_ to authorized patrons at assigned space at \_\_\_\_\_

for a period of (\_\_\_\_) days (\_\_\_\_) months, beginning \_\_\_\_\_ and ending \_\_\_\_\_. The hours of operations of this concession will be the same as those of the NAFI where the Concessionaire has been assigned space or as specified in writing by the Contracting Officer. The NAFI will furnish for use of the Concessionaire the following described items:

\_\_\_\_\_

\_\_\_\_\_

2. Concessionaire will pay the NAFI either a sum equal to \_\_\_\_\_ percent (\_\_\_\_ %) of gross sales or a pre-determined monthly fee in the amount of (\$\_\_\_\_\_). Payment of fees due the NAFI must be made: (Check One) daily, (\_\_\_\_) weekly, (\_\_\_\_) monthly, or (\_\_\_\_) at the end of the sales period and submission of the Concessionaire Settlement Report.

## ARTICLE II. The Concessionaire must:

1. Provide products or services of a quality satisfactory to the NAFI manager or his or her duly authorized representative.
2. Before beginning performance under this agreement, the Concessionaire will submit a listing of items, with corresponding selling prices, to the Contracting Officer for approval or disapproval action. The final approved listing is considered as part of this agreement. Place the price list in a conspicuous spot for patrons to see.
3. At Concessionaire's expense, obtain all permits, give all necessary notices; pay all license fees; and comply with all municipal, perfectural, and national laws, rules, ordinances, and regulations, and any publication published by the military relating to public health or applicable to the business carried on under this agreement and assume complete and sole liability for all national, state, and local taxes applicable to the property, income, and transactions of the concession.

4. Comply with all applicable laws pertaining to wages, worker's compensation, equal opportunity, Service Contract Act, and so forth, as implemented by Air Force directives and required by law.
5. Comply with all memoranda, bulletins, and letters of instruction issued by or in behalf of the NAFI manager or his or her duly authorized representative.
6. Keep the concession area clean, orderly, attractive, secure, and in a safe and sanitary condition to the satisfaction of the NAFI managers.
7. Employ only persons who meet the health standards prescribed by law or regulations which pertain to the jobs for which they are hired.
8. Furnish a sufficient number of trained employees for the efficient performance of this Concessionaire contract. Concession personnel must meet the health and security standards prescribed by applicable regulations, and must obtain installation passes and permits and security clearances as applicable. Concession personnel must give prompt and courteous treatment to authorized customers. Concession personnel must be neatly dressed and meticulous in their personal grooming at all times. Concessionaire provides employees clean uniforms or, when uniforms are not required, ensures that all clothing worn by employees is clean and in good condition at all times. A nameplate must be worn.
9. Remove from employment in the concession, on the request of the NAFI manager, any servant, agent, or employee of the Concessionaire if, in the opinion of the NAFI manager or his or her duly authorized representative, the conduct of such person, while in and about the premises covered by this contract interferes with proper services or discipline.
10. Obtain insurance for all non-Government property and merchandise used by the Concessionaire in the operation of the concession against theft, fire, storm, flood, and damage, or destruction through any other force of nature; or in lieu thereof, to relieve the NAFI from any liability arising from such theft, loss, damage, or destruction. The Concessionaire must have liability insurance commensurate with the risks involved, and furnish proof of such to the Contracting Officer.
11. Not leave cash on the premises during nonoperational hours unless it is safeguarded in accordance with AFR 125-37.
12. Be responsible for paying all operating expenses not expressly undertaken by the NAFI.
13. Maintain AF Form 2555, Cash Collection Record, showing all income received, in accordance with instructions from the NAFI. Prenumbered AF Forms 2555 in an original and one copy shall be provided the Concessionaire by the supporting NAFI accounting office. Any failure by the Concessionaire, its servants, employees, or agents, to enter all monies received on these control sheets will be cause for immediate cancellation of this contract and possibly the basis for criminal action against Concessionaire.

### ARTICLE III.

#### Concessionaire will not:

1. Represent or permit itself to be represented to the public as an agent or employee of the NAFI by the use of the name of the NAFI on letters, bills, signs, or by any other means. The Concessionaire, its servants, agents, and employees, are in no sense agents of the United States, the NAFI, the commander of the installation within which the concession exists, or of any other entity having to do with the operations of the NAFI.

2. Sell or remove any property which is owned by the NAFI or any other part of the Federal Government and is used in the operation of the concession.
3. Engage in or permit gambling or possession or use of any gambling device on the concession premises or elsewhere on the installation.
4. Sell, deal in, or otherwise possess or transfer, on the concession premises, any form of intoxicating liquors or narcotics.
5. Loan money to or borrow money from customers or others, which includes Federal Government (including NAFI) employees and military personnel.
6. Sell merchandise or services for anything other than US currency, unless authorized in writing by the Contracting Officer.
7. Sell merchandise or services on credit.
8. Give or offer to any officer or employee of the NAFI, or any other part of the Federal Government, any gift, privilege, special benefit, discount, or anything else of material or personal nature whereby the individual or employee would receive preferential treatment.

#### ARTICLE IV:

That:

1. Air Force Auditor General personnel, or any person designated by the installation commander, will have the right to inspect or audit the accounts and methods of internal control established by Concessionaire, and to make such inspection or audits as may be considered necessary to ensure strict compliance by Concessionaire with all provisions of this contract and with applicable Air Force regulations.
2. This contract, unless sooner terminated as herein provided, may be extended for additional periods, each of which may not exceed ( ) days ( ) months by mutual agreement of the parties in writing, subject to approval in the same manner as this instrument. In no event will the period of performance exceed ten ( 10) years.
3. This contract is automatically terminated in the event the NAFI is dissolved.
4. Any monies due and payable to the NAFI from the Concessionaire on the date of this contract must be paid in full or will remain due and payable until final settlement.

CONTRACTUAL CONTENTS: This contract consists of the following documents:

- a. Schedule (Articles I-IV.....Pages\_\_ thru\_\_
- b. Special Provisions (Paragraphs 1-15).....Pages \_\_thru\_\_
- c. General Provisions (Clauses 1- ) ..... ..Pages\_\_thru\_\_

FOR THE NAFI:

FOR THE CONCESSIONAIRE:

---

Signature of Contracting Officer

---

Signature of person authorized to sign contract

---

SSAN

---

Type or print name

---

Type or print name

---

Address and phone number Date

---

Address and phone number Date

This Concessionaire contract has been reviewed and determined to be legally sufficient.

---

(Signed by Staff Judge Advocate or the representative) Date

(NOTE: This sample contract is intended for guidance only, and may be modified to meet specific requirements.)

## **SPECIAL PROVISIONS**

### **(CONCESSIONAIRE CONTRACT)**

1. Additional Definitions. The terms Concessionaire and Contractor are used synonymously and mean the individual, partnership, corporation, or other entity which is a party to this contract and who is responsible for all actions and applicable regulations and performance thereunder.

2. Termination: Notwithstanding the clause titled "Termination for Convenience" of the General Provisions relative to termination of this Concessionaire contract, it is mutually agreed that this Concessionaire contract may be terminated in whole or in part by either party:

a. Immediately on written notice to the other party in the event of breach of this Concessionaire contract by the other party.

b. On 1-day notice in writing to the other party. No liability ensues to either party for terminations rendered pursuant to this subparagraph b.

3. Actions To Be Taken Upon Termination (Including Expiration). Concessionaire will promptly settle its account with the NAFI, including payment in full of all amounts due, yield up the facilities and all NAFI-furnished property, clean and leave premises in as good order and condition as when received (damage due to acts of God or the US Government, and ordinary wear and tear excepted); surrender all installation passes, decals, and so forth, and complete satisfactory settlement of all customer complaints and claims. Termination of the Concessionaire contract does not release the Concessionaire from the obligation to satisfactorily settle customer complaints and claims. The Concessionaire will promptly remove all Concessionaire-furnished trade fixtures, tools of the trade, and supplies. On failure to remove the Concessionaire's property, the Contracting Officer may cause Con- cessionaire's property to be removed and stored in a warehouse at the Concessionaire's expense. If the Concessionaire is indebted to the NAFI, the Concessionaire authorizes and empowers the Contracting Officer to take possession of the Concessionaire's property and dispose of same by public sale without notice, and out of the proceeds of sale, satisfy all costs and indebtedness to NAFI.

4. Indebtedness:

a. The Concessionaire will pay promptly and in accordance with the terms all indebtedness incurred in connection with the performance of this Concessionaire contract.

b. The NAFI may charge the Concessionaire for a dishonored check received from the Concessionaire, except when the bank acknowledges the return to be the result of bank error or the return is the result of a NAFI error. The amount charged by the NAFI will not exceed the administrative amount normally charged NAFI customers for dishonored checks. The Contracting Officer may require payment to be made in cash, certified check, or cashier's check.

5. Packaging/Price Marking. If required by the Contracting Officer, the Concessionaire will furnish, at its own expense, suitable bags, "sold" labels, and so forth, for securing a customer's purchase. If required, the packaging will be as approved by the Contracting Officer. All items will be marked to reflect the selling price.

6. Claims by Concessionaire. No claim by the Concessionaire relating to this Concessionaire contract may be considered by the Contracting Officer unless such claim is submitted in writing to the Contracting Officer not later than 90 days after the effective date of termination or expiration of this Concessionaire contract. This clause does not extend the period for filing claims where specifically limited by another clause.

7. Nonwaiver of Defaults. Any failure by the NAFI to enforce or require strict performance of any terms or conditions of this Concessionaire contract will not constitute a waiver, and will not affect or impair such terms and conditions in any way or effect the right of the NAFI at any time to avail itself of such remedies as it may have for breach or breaches of such terms and conditions.

8. Trade Fixtures, Tools, and Supplies. The Concessionaire will furnish, at its expense, all trade fixtures, tools of the trade, and supplies required for performance of this Concessionaire contract.

9. Quality/Warranty. All products authorized for the Concessionaire to sell will be marketable and sufficient for use intended, and not be "seconds" as the term is usually understood in the trade. As a minimum, they will be equal to products provided by first quality commercial establishments. All items will be acceptable to the customer and the Contracting Officer and will be subject to inspection and test for work-

manship and quality at all times by the Contracting Officer or designee. Any item found to have a latent defect(s) may be returned to the Concessionaire for replacement or refund as determined by the Contracting Officer.

10. Customer Complaints, Claims, and Refunds. The Concessionaire agrees to adhere to the NAFI policy of customer satisfaction guaranteed and will be responsible for refunds to customers due to customer dissatisfaction with an item or due to overcharges. All customer complaints, claims, and refunds will be resolved and made at Concessionaire's expense. Any disagreement that cannot be resolved between Concessionaire and the customer will be referred to the Contracting Officer, whose decision will be final and not subject to the Disputes clause. If Concessionaire fails to timely process complaints or claims and make refunds, NAFI may settle customer complaints or claims and make such refunds, and charge the Concessionaire's account.

11. Internal Controls of Charge-Card Sales:

a. Concessionaire will establish internal control procedures consistent with provisions of this Concessionaire contract and with NAFI directives for a complete and accurate accounting of all transactions.

b. Each sale will be recorded on AF Form 2555, **NAF Cash Collection Record**, at the time sale is made. The AF Form 2555 will be prepared in duplicate, reflecting the applicable sales data, and signed by the customer. The original of the completed AF Form 2555 is attached to the Concessionaire Settlement Report and submitted to the supporting NAFI accounting office. The duplicate copy is retained by the Concessionaire.

c. Concessionaire may accept national charge cards customarily recognized in their commercial trade for customer payment of purchases. Concessionaire is responsible for the payment of any fees, charge backs, and other arranged costs levied by the charge-card-issuing companies.

d. The Contracting Officer, or designee, may conduct inspections considered necessary to insure strict compliance by the Concessionaire with all provisions of this Concessionaire contract.

12. Concessionaire Settlement Report. At the conclusion of the sales period or as specified by the Contracting Officer, Concessionaire will prepare a Concessionaire Settlement Report signed by the Concessionaire showing the gross sales for the period and percent due the NAFI, and give the NAFI the fees due for that period. The original of AF Forms 2555 will be attached.

13. Utilities. The NAFI will furnish sufficient quantities of space, heat, water, and electricity to satisfy the normal needs of Concessionaire for lighting, heating, drinking, sanitation, and the operation of suitable support equipment therefore.

NOTE: If the Concessionaire is required to reimburse the United States Government for utilities furnished, then the rates are set by the installation commander and agreed to by both parties.

14. Premises. The assignment of space is revocable and is not construed as the creation of tenancy. Concessionaire is liable for any damage to or loss of the premises and NAFI-furnished property or injury to persons resulting from acts or omissions of Concessionaire, its employees, or agents whether or not covered by insurance. Sublet of any of the premises assigned or assignment to another concession is not authorized. Use of the premises and NAFI-furnished property for any purpose other than those specifically set forth, or permit any such unauthorized use by any of its agents, representatives, or employees is prohibited. Concessionaire will not make any alterations in the facilities provided without prior authorization from the NAFI manager. Concessionaire will comply with the installation fire and safety regulations,



and applicable health and sanitation regulations. Concessionaire will post or display on the premises any sign furnished by the NAFI.

15. Taxes:

a. Concessionaire assumes complete and sole liability for all Federal, State, host country, and local taxes applicable to the property, income, and transactions of the Concessionaire, and where required by applicable laws and regulations, will collect and remit to the State applicable sales taxes. Sales taxes which have been collected are excluded from the computation of gross receipts in the determination of the fee payable to NAFI. The amount of taxes excluded will not exceed the actual sum payable to the State. Where required by State law or regulation, the Concessionaire will obtain and conspicuously display the State sales tax permit.

b. The Concessionaire warrants that the amount payable to the NAFI has not been reduced by the amount of any tax or duty from which the Concessionaire is exempt. If any such tax or duty has been included the pricing or consideration through error or otherwise, the contracting pricing or consideration will be correspondingly reduced or adjusted. If for any reason after the contract date, the Concessionaire is relieved in whole or in part from the payment or the burden of any tax or duty included in the contract pricing or other consideration, the contract pricing and other consideration will be correspondingly reduced or adjusted.

**Attachment 14****INTERIOR DESIGN CONTRACT FORMAT****Contract No.**\_\_\_\_\_

This contract, by and between the\_\_\_\_\_, hereinafter called the NAFI, by and through its duly authorized Contracting Officer, and the, \_\_\_\_\_, hereinafter called the Contractor, is for interior design work at\_\_\_\_\_.

(name of installation)

(State)

NOW THEREFORE, it is agreed as follows:

ARTICLE I. The NAFI hereby agrees to and does hereby engage the services of the Contractor, and the Contractor hereby accepts the engagement to design and to do the work hereinafter specified by the NAFI in connection with the following project. The design and specifications for all furnishings, wall treatment, fixtures, color concepts, and the equipment for the (identify all areas in the facility involved), (include kitchen when needed), of the\_\_\_\_\_

\_\_\_\_\_. (facility)

(installation)

ARTICLE II. The Contractor will complete all interior design work and services under this contract except supervision, inspection, and acceptance of the furnishings phase, within\_\_ calendar days after receipt of the Notice to Proceed. The Notice to Proceed will be issued within 10 calendar days from the date of award of this contract. The parties to this contract have considered mailing time in establishing the period of performance.

a. Period of Service:

(1) The Contractor will deliver the Preliminary Interior Design Phase Submittals within\_\_ calendar days after receipt of the Notice to Proceed.

(2) The NAFI will review the Preliminary Interior Design Phase Submittals within\_\_ calendar days and return them to the Contractor.

(3) The Contractor will deliver the Prefinal Interior Design Phase Submittals within\_\_ calendar days after receipt by the contractor of written instructions on the Preliminary Submittal.

(4) The NAFI will review the Prefinal Interior Design Phase Submittals within\_\_ calendar days and return them to the Contractor.

(5) The Contractor will deliver the Final Interior Design Phase Submittals within\_\_\_\_calendar days after receipt by the Contractor of written instructions on the Prefinal Submittal.

(6) The NAFI will review the Final Interior Design Phase Submittals within\_\_\_\_ calendar days and return them to the Contractor.

(7) The Contractor will delivery the corrected Final Interior Design Phase Submittals within\_\_\_\_calendar days after receipt by the Contractor of written instructions for correction.

(8) Final supervision, inspection, and acceptance by the Contractor of the furnishings phase of the project will be accomplished as scheduled by the Contracting Officer.

ARTICLE III. The Contractor agrees to render the following services in connection therewith:

a. Preliminary Interior Design Phase:

(1) The Contractor will meet the Contracting Officer and all others responsible for the project to discuss the project in detail, including design concepts, desired atmosphere, and to survey and measure all areas subject to design work.

(2) The Contractor will prepare preliminary conceptual studies, including sketches and proposed materials, including but not limited to carpeting, furniture, draperies, wood finishes, paints, wall coverings, architectural drawings for special millwork and construction, and so forth, to complete the design, and make a preliminary presentation to the Contracting Officer and others involved. After a thorough discussion, evaluation, and inspection of samples, a final agreement between the Contractor and the group will be made as to final interior design concepts.

(3) The Contractor will take a complete inventory of all presently owned furniture and equipment, evaluate it by life expectancy, and utilize it to the best advantage in the area, when applicable, as part of his or her design.

b. Prefinal Interior Design Phase:

(1) On acceptance of the preliminary design phase, the Contractor will prepare a prefinal detailed design presentation, including full color sketches in perspective; color and sample boards to supplement the color renderings; complete scaled architectural drawings showing furnishings and light fixture placement; scaled wall elevation drawings showing wall treatment, molding, wall light fixtures, accessories, and window treatment; scaled plans of kitchen equipment location including ventilation hoods, plumbing, and electrical connections; complete specifications in detail with manufacturer, manufacturer's address, current part of stock number, and description, to include all custom-designed items in detail. A formal presentation of the final phase will be made to the Contracting Officer and other representatives for final approval. After approval, any changes made in the design package must be in writing and must be approved by both the Contracting Officer and the Contractor.

(2) If the Contractor has not been involved in the preliminary functional planning and if construction is involved, he or she will review the architect-engineer's plans at the 30 percent completion stage. In the interest of better utilization of space and to prevent duplication of effort and material, such as wall and floor finishings, he or she will coordinate on the plans at that time. He or she will make recommendations for any changes to improve the functional concept to the Contracting Officer, with written justification, covering those areas or items affected.

c. Final Interior Design Phase:

(1) The Contractor will furnish his or her completed detailed design concept, including all necessary items such as floor plans, architectural drawings, color photographs or renderings, and color and sample boards and specifications, in sufficient quantities to allow the Contracting Officer to solicit Request for Proposals from those firms qualified to perform the furnishings phase. The cost of duplicating the design package in sufficient numbers will be borne by the Contractor as part of the design fee. Furnishings will be itemized separately, identified by individual article and price per item at current wholesale cost, and submitted to the Contracting Officer with the design package.

(2) The Contractor and all other firms owned by, or associated with, or affiliated with the Contractor will not be allowed to compete in the bidding or make a proposal in the interest of obtaining a furnishings contract or supply items of furnishings, fixtures, materials, or equipment for this project in which he or she is the Contractor. He or she will be considered to be an advisor to the Contracting Officer and the NAFI during this project and will act in their best interest in his or her guidance, advice, and professional association with them. Any instances in which he or she may be involved other than so designated or any involving any unethical practices will be grounds for termination of his or her contract.

d. Installation and Acceptance Phase. During the final stages of installation of all items of furnishings, wall treatment, carpet laying, window treatment, installation of fixtures, and other parts of the design scheme, the Contractor will inspect, supervise, and accept them as part of his or her design fee. He or she will assure the Contracting Officer that the quality of all furnished items, installation of fixtures, and quality of workmanship is professionally performed and meets with his or her design concept and applicable Air Force standards. This will be at no extra cost to the NAFI.

ARTICLE IV. The Contract and NAFI further agree as follows:

a. As compensation for the services herein described, the Contractor will receive the total sum not to exceed \$ \_\_\_\_\_. Compensation for any other services rendered by the Contractor in connection with any additional work not originally contemplated or specified, or in connection with any subsequent changes to plans, will be negotiated with the Contracting Officer before performance of same. No additional charges or fees are binding on the NAFI unless negotiated with and approved in advance by the Contracting Officer.

b. The compensation herein provided is payable to the Contractor as follows:

(1) \_\_\_\_\_ percent, (\$ \_\_\_\_\_) to be paid when the preliminary design phase and presentation have been accomplished, discussed, and changes negotiated.

(2) \_\_\_\_\_ percent, (\$ \_\_\_\_\_) to be paid on completion and acceptance of the prefinal and detailed design concept with all necessary facets to solicit proposals.

(3) \_\_\_\_\_ percent, (\$ \_\_\_\_\_) to be paid on completion and acceptance of the final detailed design concept with all necessary facets to solicit proposals.

(4) \_\_\_\_\_ percent, (\$ \_\_\_\_\_) on final supervision, inspection, and acceptance by the Contractor of the furnishings phase of the project.

c. In the event of termination of this contract for any reason, any services previously rendered by the Contractor, including the product thereof (plans, sketches, drawings, illustrations, specifications, and so forth) are the property of the NAFI or its successor fund.

d. The Contractor will not assign or subcontract the performance of his or her duties and services hereunder without the prior written approval of the Contracting Officer.

e. The Contractor agrees to indemnify, save harmless, and defend the NAFI: (a) from and against any and all claims, demands, action, debts, liabilities, and attorney's fees arising out of, claimed on account of, or in any manner predicated on loss or of damage to the property of, and injuries to or death of any and all persons whatsoever, in any manner caused or contributed to by the Contractor, his or her agents, servants, or employees while, in, on, or about NAFI, (base) or while going to or departing from the same; (b) from and on account of damages of any kind which the NAFI may suffer as the result of the acts of the Contractor, his or her agents, servants, or employees in or about said military installation.

f. Required Insurance:

(1) The Designer will procure and maintain at his or her own expense during the entire period of his or her performance under this contract the following minimum insurance:

(a) Comprehensive General Liability - \$100,000 per person and \$300,000 per accident for bodily injury: \$50,000 per accident for property damage.

(b) Comprehensive Automobile Liability - \$100,000 per person and \$300,000 per accident for bodily injury: \$25,000 per accident for property damage.

(2) Before beginning work hereunder, the Contractor will furnish to the Contracting Officer a certificate of the above-required insurance. The policies evidencing such required insurance must contain an endorsement to the effect that cancellation, nonrenewal, or any material change in the policies adversely affecting the interests of the Government in such insurance will not be effective until 10 calendar days after written notice thereof to the Contracting Officer.

(3) The Contractor agrees to insert the substance of this clause, including this paragraph (3) in all sub-contracts hereunder.

g. Workers' Compensation Coverage. The Contractor will maintain adequate workers' compensation coverage to comply with the appropriate local, state, or federal workers' compensation law for any employee performing work related to this contract.

h. It is mutually understood and agreed that there are no verbal or any other agreements in addition to or in contradiction of the terms and provisions herein set forth.

i. The Contract can be amended or modified only by Supplemental Agreement in writing signed by the parties and reviewed for legal sufficiency.

j. Contractual Contents. This contract consists of the following:

(1) Schedule (Introductory paragraph and ARTICLES I through IV and signature page)  
..... Page(s)\_\_\_\_thru\_\_\_\_\_

(2) General Provisions (Clauses 1- ).....Page(s)\_\_\_\_thru\_\_\_\_\_

This contract has been reviewed and determined to be legally sufficient.

---

(Signed by staff judge advocate or representative) (Date)

IN WITNESS whereof the parties hereto set their hands this day of \_\_\_\_\_, 19\_\_\_\_,

FOR THE NAFI:

FOR THE CONTRACTOR:

---

(Signature of Contracting Officer)

---

(Signature of person authorized to sign contract)

---

Type or print name

---

Type or print name

---

Address and phone number Date

---

Address and phone number Date

(NOTE: This sample contract is intended for guidance only, and may require modification because of local conditions or the details of the negotiated arrangement.)

**Attachment 15****AMUSEMENT, MUSIC OR VENDING MACHINE CONCESSIONAIRE****CONTRACT FORMAT****Contract No.**\_\_\_\_\_

This Contract is hereby made and entered into on this \_\_\_\_ day of \_\_\_\_\_, 19\_\_, by and between the \_\_\_\_\_, AFB, \_\_\_\_\_, hereinafter called the nonappropriated fund instrumentality (NAFI), and \_\_\_\_\_, hereinafter called the Concessionaire. The NAFI is a Nonappropriated Fund Instrumentality of the Department of the Air Force, and as such, is an instrumentality of the United States Government. No appropriated funds of the United States of America shall become due or be paid to the Concessionaire by reason of this Contract.

WITNESSETH, that for and in consideration of the agreements hereinafter set forth and the payments to be made as hereinafter stipulated, it is mutually agreed between the parties hereto:

**ARTICLE I**

That the NAFI will:

1. Grant the Concessionaire permission to furnish, install, and maintain the machines set forth in appendix A hereto.
2. Furnish sufficient quantities of space and utilities (including electrical outlets) to ensure operation of the machines.
3. Reserve the right to approve or disapprove any machine the Concessionaire may offer. This includes the selection of music played by each jukebox.

**ARTICLE II**

That Concessionaire will

1. Operate the machines set forth in appendix A and provide maintenance of a quality satisfactory to the MWRS Fund Manager or duly authorized agent.
2. At Concessionaire's expense, obtain all permits, give all necessary notices; pay all license fees; and comply with all municipal, prefectural, and national laws, rules, ordinances, and regulations, as they may apply (local and state laws which are in conflict with the terms of this agreement and interfere with federal contracting do not affect the terms of this Contract); and assume complete and sole liability for all

national, state, and local taxes applicable to the property, income, and transactions as prescribed in Article IV, paragraph 6, below:

3. Comply with all applicable laws pertaining to wages, worker's compensation, equal opportunity, and so forth, as required by law or imposed by this Contract.
4. Make no alterations in the facilities provided for placement of machines without prior approval from the Contracting Officer.
5. On request of the NAFI manager, or representative, remove from duties on the military installation any servant, agent, or employee of Concessionaire whose conduct while in and about the premises covered by this Contract interferes with proper service or discipline.
6. Indemnify, save harmless, and defend the NAFI from and against any and all claims, demands, actions, debts, liabilities, and attorney's fees arising out of, claimed on account of, or in any manner predicated on loss of or damage to the property of, and injuries to or death of any and all persons whatsoever, in any manner caused or contributed to by the Contractor, his or her agents, servants, or employees while in, on, or about the military installation wherein the concession is located, or while departing from the same; and to indemnify and save harmless the NAFI from and on account of damages of any kind which the NAFI may suffer as the result of acts of negligence, fraud, or misconduct of any Concessionaire's agents, servants, or employees.
7. Provide insurance for all non-Government property and merchandise used by Concessionaire in the operation and maintenance of the machines against theft, fire, storm, flood, damage, or destruction through any other force of nature, or in lieu thereof, to relieve the NAFI from any liability arising from such theft, loss, damage, or destruction.
8. At the termination of this Contract, yield up the premises furnished Concessionaire by the NAFI in as good order and condition as when Con- cessionaire began operations therein, with the exception of ordinary wear.

### ARTICLE III

That Concessionaire will not:

1. Represent or permit itself to be represented to the public as an agent or employee of the NAFI by the use of the name of the NAFI on letters, bills, signs, or by any other means. Concessionaire, its servants, agents, and employees are in no sense agents of the United States, the NAFI, the Commander of the installation within which the concession exists, or any other entity having to do with the operations of the NAFI.
2. Sell or remove any property which is owned by the NAFI or any other part of the Federal Government whether or not used in the operation of the concession.
3. Sublet any of the premises assigned to it or assign to another the concession, any part of the premises, or any responsibilities under this Contract.
4. Engage in or permit gambling or any gambling device on the concession premises or on the military installation.
5. Sell, deal in, or otherwise possess or transfer, on the concession premises, or on the military installation any form of intoxicating liquors or narcotics.



6. Loan money to or borrow money from customers, Federal (including NAFI) employees, or military personnel.
7. Give or offer to any officer or employee of the NAFI, or any other part of the Federal Government, any gift, privilege, special benefit, discount, or anything else of a material or personal nature whereby said individual or employee would receive preferential treatment.
8. Use the premises and facilities provided for any purpose other than those specifically set forth herein, or permit or acquiesce in any such unauthorized use by any of its agents, representative, or employees.

#### ARTICLE IV

1. Concessionaire will pay all operating expenses not expressly undertaken by the NAFI in Article I, paragraph 2, of this Contract. Operating expenses include: replacement parts, tools, and so forth, required to keep the machines in good working order.
2. Audit Personnel (either AFAA or CPA Firms) or any person designated by the installation commander have the right to inspect or audit the accounts and methods of internal control established by the Concessionaire, and to make such inspection or audits as may be considered necessary to ensure strict compliance by the Concessionaire with all provisions of this Contract and with applicable Air Force regulations, and to conduct spot checks at unannounced times, in the presence of Concessionaire personnel, of machine receipts through cash counts or otherwise.
3. The Contract, unless sooner terminated as hereinafter provided, will be for 1 year from the date of commencement of services set forth in clause 7a below plus the 10 calendar day phase-out period, but it may be extended for additional periods, each of which may not exceed 12 months, by mutual agreement of parties hereto in writing, subject to approval in the same manner as this instrument. In no event will the period of performance exceed 10 years. If the NAFI desires to extend this Contract, it will notify the Concessionaire in writing at least 30 days before the expiration date.
4. This Contract is automatically terminated-if the NAFI is dissolved.
5. On expiration of the term fixed in this Contract or on prior revocation or termination as herein provided, the Concessionaire must immediately remove all of its property from the premises. On failure to do so, the NAFI may cause property to be removed at the expense of the Concessionaire, or consider such property to be abandoned by the Concessionaire and dispose of the abandoned property.
6. Taxes
  - a. The Concessionaire assumes complete and sole liability for all Federal, State, host country, and local taxes applicable to the property, income, and transactions of the Concessionaire; and, where required by applicable laws and regulations, will collect and remit to the appropriate jurisdiction applicable sales taxes. Sales taxes which have been collected are excluded from the computation of gross receipts in the determination of the fee payable to the NAFI. The amount of sales taxes so excluded will not be more than the actual sum payable. Where required by State or local law or regulation, the Concessionaire will obtain and conspicuously display the sales tax permit.

b. The Concessionaire warrants that the amount payable to the NAFI has not been reduced by the amount of any tax or duty from which the Concessionaire is exempt. If any such tax or duty has been included in the pricing or consideration through error or otherwise, the Contract pricing or consideration will be correspondingly reduced or adjusted. If for any reason after the Contract date the Concessionaire is relieved in whole or in part from the payment or the burden of any tax or duty included in the Contract pricing or other consideration, the Contract pricing and other consideration will be correspondingly adjusted.

7. Commencement date of service or installation of equipment and phase-in:

a. Installation of machines and commencement of service under this Contract will begin on \_\_\_\_\_. Before that date, the Concessionaire will submit a phase-in plan to the Contracting Officer for approval. The phase-in plan will provide timely installation of machines, as required by the NAFI.

b. After completion of all machine installations, and periodically thereafter as required by the Contracting Officer, the Concessionaire will provide a listing of all machines on location.

c. The phase-in plan and equipment on location listing must provide the following information:

MACHINE CLASSIFICATION

LISTED IN MOST RECENT EDITION  
OF PUBLICATION TITLED "PLAY  
METER" COVERING:

	PLANNED				
	INSTALLATION	TYPE	MFG &	DEMO	12 MONTHS
LOCATION	DATE	MACHINE	MODEL	(NEW)	PERIOD
	*	**	**		

\*Needed only on Phase-in plan.

\*\*Needed on completion of installation of all equipment, and on subsequent listings.

8. Phase-out and changeover period:

a. The 10 calendar day period following expiration of this Contract is a phase-out and changeover period during which the Concessionaire continues operations and removes machines to correspond to the phase-in of a follow-on Contract as directed by the Contracting Officer to provide continuity of service.

b. The Concessionaire removes all machines within the 10 calendar day phase-out and changeover period as approved by the Contracting Officer. All terms and conditions of the Contract apply to operations and sales during the phase-out and changeover period; however, the period of changeover will not be construed as a renewal of the Contract period.

9. Monies will be collected from each machine at least once per month on a regular basis (set schedule) as close to the end of the months as possible (AFR 176-2, para 3-14(a)(3)). Monies also will be collected before the machines are removed from the NAFI premises for repair or replacement. A representative from the NAFI will accompany the Concessionaire or representative to make collections from the machines. An AF Form 1400, **Vending/Amusement Machine Collection Report**, is used to record collections. The AF Form 1400 lists the amount collected and the meter reading (when applicable) for each machine, and must be signed by both parties. A copy of AF Form 1400 is furnished the Concessionaire. The amount due the activity as reimbursement for refunds made to patrons for inoperative machines will be deducted from the gross receipts. Receipts then are divided according to the percentage set forth in appendix E.

10. Any act of vandalism or machine break-ins discovered by the Concessionaire must be reported immediately to the base security police and the Contracting Officer. Losses resulting therefrom and slugs are absorbed by the Concessionaire. This Contract consists of the following documents:

- a. Schedule (Introductory paragraph and ARTICLES I through IV, and signature (page) Page(s)\_\_\_\_ thru\_\_\_\_\_
- b. Appendix A, Listing of Amusement, Music, or Vending Machines.....Page(s)\_\_\_\_ thru\_\_\_\_\_
- c. Appendix B, Insurance Requirements .....One (1) Page
- d. Appendix C, Equipment Specifications.....One (1) Page
- e. Appendix D, Performance Specifications .....One (1) Page
- f. Appendix E, Fee Schedule.....One (1) Page
- g. General Provisions (Clauses 1-\_\_\_\_).....Page(s) \_\_\_\_ thru\_\_\_\_\_

FOR THE NAFI:

FOR THE CONCESSIONAIRE:

\_\_\_\_\_  
Signature of Contracting Officer

\_\_\_\_\_  
Signature of person authorized to sign Contract

\_\_\_\_\_  
SSAN

\_\_\_\_\_  
Type or print name

\_\_\_\_\_  
Type or print name

Address and phone number

Address and phone number

This Contract has been reviewed and determined to be legally sufficient:

(NOTE: This sample Contract is intended for guidance only, and may be modified to meet specific requirements.)

## APPENDIX A

### LISTING OF AMUSEMENT, MUSIC, OR VENDING MACHINES

Located at:

Base A \_\_\_\_\_ Base B \_\_\_\_\_

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Brief Description Price	Location	Operating Price	Play of Machine	Bldg No.	Base	Hours
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## APPENDIX B

### INSURANCE REQUIREMENTS

The Concessionaire will maintain, during any contract period, insurance coverage listed herein with insurance company(ies) acceptable to the NAFI. The insurance coverages to be maintained are:

a. The following with coverage limits complying with state or military installation requirements, whichever is greater, where this Contract is performed:

(1) Worker's Compensation and Employer's Liability Insurance

(2) Automobile Bodily Injury and Property Damage Liability for vehicles operated in performance of this Contract by the Concessionaire's agents or employees on the military installation, whether or not owned by the Concessionaire.

b. The following coverage will be maintained and as required by the Contracting Officer, the Concessionaire will furnish a Certificate of Insurance, evidencing that insurance is in effect:

(1) Comprehensive General Liability in minimum limits of \$100,000 for personal injury for each occurrence or \$300,000 aggregate and \$50,000 for each occurrence for property damage or \$50,000 aggregate.

(2) Products Liability Insurance in minimum limits of \$100,000 for injury to or death of any one person, \$100,000 for each accident or occurrence, \$300,000 for aggregate products bodily injury liability, \$50,000 for property damage liability and \$25,000 for aggregate products property damage liability.

## **APPENDIX C**

### **EQUIPMENT SPECIFICATIONS**

#### **AMUSEMENT, MUSIC, OR VENDING MACHINE CONTRACT**

1. The equipment must comply with the specifications set forth herein. All equipment is subject to the Contracting Officer's approval before installation.

2. \_\_\_\_ percent (approximately 80 percent or what can be negotiated) of the amusement machines (such as video, pinball, skill and, arcade games) installed must have been manufactured after 1 January 19\_\_\_\_. The remaining percent must have been manufactured after 1 January 19\_\_ . The age and manufacture requirement for amusement machine equipment remains in effect during the period of this Contract. In addition, a minimum of 20 percent of the total amusement machines installed will be replaced with new models on an annual basis. Further, the replacement will be based on the age of the machine (date of manufacture) unless an exception is authorized by the Contracting Officer (for example, remanufactured equipment).

3. A maximum of \_\_\_\_ percent (approximately 20 percent of what can be negotiated) of the total number of video and pinball machines to be installed will be one-player machines; the balance will be 2- or 4 player machines. Machines will be set at the manufacturer's fee play setting and adjusted as required to maintain an interesting challenge to the player while remaining rewarding for reasonable skills.

4. Music machines, standard or console stereo models, that are like new in appearance and in good operating condition may be installed unless specified below. Music machines will be equipped with coin mechanisms that will accept nickels, dimes, quarters, and half dollars.

5. Regulation pool tables and other table-type games in good appearance and playing condition may be installed. Minimum overall dimensions for regulation pool tables will be at least 4' x 6'. A minimum of four cue sticks per pool table and appropriate size cue stick racks will be provided. Chalk and talcum power will be available at all times.

6. Machines will be equipped with a dual lock system. The Concessionaire will maintain a key to the access door of the machine, and MWRS will maintain a key to the coin box; thereby requiring two persons, one NAFI representative and one representative of the Concessionaire, to be present when the coin box is opened. The designated NAFI representative must be present when income from the machine is counted and will test the accuracy of the mechanical coin counter (if one is used to facilitate coin counting).

The concessionaire will:

a. Provide coin boxes designed in a manner (such as, hasp) which will allow the NAFI to install a padlock to secure the box independent of other locking controls. If coin boxes cannot be locked in this manner, the Concessionaire will make adjustments required, and the machines will not be put in use until adjustments are made. The Contracting Officer can exempt certain machines where it is impractical to comply with this requirement.

b. Provide machines having manufacturer-installed internal meters (continue register). NAFI representatives must be permitted to read and record meter readings

(NOTE: A Contract may be negotiated without the requirement for meters on all the equipment.)

c. The Concessionaire will provide and service dollar bill coin dispensers.

d. All electrical equipment will be installed in accordance with standards of the national electrical code (except overseas areas) and the standards of the basic civil engineer.

## **APPENDIX D**

### **PERFORMANCE SPECIFICATIONS**

#### **AMUSEMENT, MUSIC, OR VENDING MACHINE CONCESSION**

1. Concessionaire will service and maintain machines as follows:

a. Clean exterior of equipment and glass surfaces when machines are serviced and collections are made. Replace glass surfaces promptly if cracked or broken.

- b. Clean play fields for amusement machines as needed or a minimum of once a month. Replace machines if the play field becomes cracked, splintered, or badly worn.
  - c. Replace burned out light bulbs in machines. Replace rebound rubber bumpers, plunger springs, and flippers to pinball machines if worn or broken. Replace bun butts and sights for rifle games if damaged or broken.
  - d. Brush pool tables when making collections and daily if an attendant is provided. Rebuild cushions and recover table tops as necessary. Maintain cue sticks and tips in good serviceable condition.
  - e. Clean music machines inside and outside a minimum of once a month. Select a minimum of 80 percent of the records used from current listing of popular songs in current issue of "Cashbox" or "Billboard" magazines. Provide a minimum of 5 new records per month for each machine with 100 or 120 record selections, and 10 new records for each machine with 160 or more record selections. Print (commercially or type) title strips for record identifications.
2. Concessionaire will service machines within 24 hours of notification and replace machines within 48 hours if machines become unserviceable or otherwise fail to comply with the equipment specifications.
3. Concessionaire will rotate video and pinball machines located in amusement centers and random locations at regular intervals. Relocate machines at least every 3 months, as determined by the NAFI manager, unless the locations is used by transient personnel only.
4. Concessionaire will not remove monies from the machines (excludes coin changers and token dispensers) unless accompanied by a NAFI representative.
5. Concessionaire operates said services and provides machines of a quality satisfactory to the NAFI manager or duly authorized agent. When a machine has been identified as a "slow play", Concessionaire removes and replaces it with one selected by the NAFI manager. The concessionaire changes the number or types of machines (video, pinball, and so forth) only on the written request of the Contracting Officer notwithstanding any language in this Contract with regard to replacement or repair. Coins are collected according to Article IV, paragraph 9, before taking any machine off the premises for repair or replacement.
6. Concessionaire submits to the Contracting Officer for review and approval or disapproval a schedule of prices to be charged. On approval of such prices, provides the NAFFMO with a copy of same. The Concessionaire will then adhere to such prices. Prices charged must be consistent throughout MWRS.
7. Concessionaire keeps the machines in proper mechanical working order at all times, including any meters and special attachments thereto; makes all necessary repairs and replaces parts, and ensures the machines are properly identified.
8. Concessionaire conforms to the requirements of each applicable NAFI as to physical location of machines in use.

**APPENDIX E****FEE SCHEDULE****AMUSEMENT, MUSIC, OR VENDING MACHINE CONCESSION**

Offerer enters below a fee percentage offered to the NAFI(s) from the gross receipt of the machines, less state taxes. A single award will be made for all categories in accordance with the Award paragraph of the Schedule. An offer must be made on all categories for that offer to be eligible for consideration for award. Fee will be paid based on the total combined sales of all locations included in this Contract.

Item No.	Category of Service	Percentage Fee
1.	Amusement	_____ %
2.	Music	_____ %
3.	Vending	_____ %

OFFERER (name of firm)\_\_\_\_\_

(address)\_\_\_\_\_

(telephone no.)\_\_\_\_\_

(signature)\_\_\_\_\_

(typed)\_\_\_\_\_

(title)\_\_\_\_\_

(NOTE: Percentage fees may be negotiated for different types of machines and machines at preferred locations.)



**Attachment 16****CONTRACT CLAUSES****PART I - MANDATORY CLAUSES**

1. DEFINITIONS (1975 MAY) - As used throughout this contract, the following terms and abbreviation have the meanings set forth below:

- a. The term "contract" means this agreement or order and any modifications hereto.
- b. The abbreviation "NAFI" means Nonappropriated Fund Instrumentality of the United States Government.
- c. The term "Contracting Officer" means the person executing or responsible for administering this contract on behalf of the NAFI, which is a party hereto, or his successor or successors.
- d. The term "Contractor" means the party responsible for providing supplies and/or services at a certain price or rate to the NAFI under this contract.

2. DISPUTES (1979 DEC)

a. Except as otherwise provided in this contract, any dispute or claim concerning this contract which is not disposed of by agreement shall be decided by the Contracting Officer, who shall state his decision in writing and mail or otherwise furnish a copy of it to the Contractor. Within 90 days from the date of receipt of such copy, the Contractor may appeal by mailing or otherwise furnishing to the Contracting Officer a written appeal addressed to the Armed Services Board of Contract Appeals, and the decision of the Board shall be final and conclusive; provided that if no such appeal is filed, the decision of the Contracting Officer shall be final and conclusive. The Contractor shall be afforded an opportunity to be heard and to offer evidence in support of any appeal under this clause. Pending final decision on such a dispute, however, the Contractor shall proceed diligently with the performance of the contract and in accordance with the decision of the Contracting Officer unless directed to do otherwise by the Contracting Officer.

b. This "Disputes" clause does not preclude consideration of law questions in connection with decisions provided for in paragraph "a" above, provided, that nothing in this contract shall be construed as making final the decision of any administrative official, representative, or board on a question of law.

3. LAW GOVERNING CONTRACTS ( 1970 JUL) - In any dispute arising out of this contract, the decision of which requires consideration of law questions, the rights and obligations of the parties shall be interpreted and determined in accordance with the substantive laws of the United States of America.

4. LEGAL STATUS (1973 JUL) - The NAFI is an integral part of the Department of Defense and is an instrumentality of the United States Government. Therefore, NAFI contracts are United States Government contracts; however, they do not obligate appropriated funds of the United States.

5. EXAMINATION OF RECORDS (1979 DEC)

a. This clause is applicable if the amount of this contract exceeds \$10,000 and the contract was entered into by means of negotiation. The Contractor agrees that the Contracting Officer or his duly authorized representative shall have the right to examine and audit the books and records of the Contractor directly pertaining to the contract during the period of the contract and until the expiration of three years after the final payment under the contract.

b. The Contractor agrees to include the clause in "a" above in all subcontracts hereunder which exceed \$10,000.

6. ASSIGNMENT (1987 SEP) - No assignment by the Contractor, assigning its rights or delegating its obligations under this contract will be effective and binding on the NAFI until the written terms of the assignment have been approved in writing by the Contracting Officer.

7. GRATUITIES (1984 JUL)

a. The NAFI may, by written notice to the Contractor, terminate the right of the Contractor to proceed under this contract if it is found, after notice and hearing, by the Secretary of the Air Force or his duly authorized representative, that gratuities (in the form of entertainment, gifts, or otherwise) were offered or given by the Contractor, or any agent, or representative of the contractor, to any officer or employees of the Government or the NAFI with a view toward securing favorable treatment with respect to the awarding or amending, or the making of any determinations with respect to the performing of such contract.

b. In the event this contract is terminated as provided in paragraph "a" hereof, the NAFI shall be entitled (i) to pursue the same remedies against the Contractor as it could pursue in the event of a breach of contract by the Contractor, and (ii) as a penalty in addition to any other damages to which it may be entitled by law, to exemplary damages in an amount (as determined by the Secretary of the Air Force or his duly authorized representative) which shall be not less than three nor more than ten times the cost incurred by the Contractor in providing any such gratuities to any such officer or employee.

c. The rights and remedies of the NAFI provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

8. TERMINATION FOR CONVENIENCE (1984 FEB) - The Contracting Officer, by written notice, may terminate this contract, in whole or in part, when it is in the best interest of the NAFI. If this contract is for supplies and is so terminated, the Contractor shall be compensated in accordance with FAR, Sub Parts 49.1 and 49.2 in effect on this contract's date. To the extent that this contract is for services and is so terminated, the NAFI shall be liable only for payment in accordance with the payment provisions of this contract for services rendered prior to the effective date of termination, providing there are no Contractor

claims covering nonrecurring costs for capital investment. If there are any such Contractor claims, they shall be settled in accordance with FAR, Sub Parts 49.1 and 49.2.

9. TERMINATION FOR DEFAULT (1987 SEP) -

(a) (1) The NAFI may, subject to paragraphs (c) and (d) below, by written notice of default to the Contractor, terminate this contract in whole or in part if the Contractor fails to-

(i) Deliver the supplies or perform the service within the time specified within this contract or any Extension;

(ii) Make progress, so as to endanger performance of this contract (but see subparagraph (a)(2) below);or

(iii) Perform any of the other provisions of this contract (but see subparagraph (a)(2) below).

(2) The NAFI's right to terminate this contract under subdivisions (1)(ii) and (1)(iii) above, may be exercised if the Contractor does not cure such failure within 10 days (or more if authorized in writing by the Contracting Officer) after receipt of notice from the Contracting Officer specifying the failure.

(b) If the NAFI terminates this contract in whole or in part, it may acquire, under the terms and in the manner the Contracting Officer considers appropriate, supplies or services similar to those terminated, and the Contractor will remain liable to the NAFI for any excess costs for those supplies or services. However the Contractor must continue the work not terminated.

(c) The Contractor shall not be liable for any excess costs if the failure to perform the contract arises from causes beyond the control and without the fault or negligence of the Contractor. Examples of such causes include (1) acts of God or of the public enemy, (2) act of the NAFI in either its sovereign or contractual capacity, (3) fires, (4) floods, (5) epidemics, (6) quarantine restrictions, (7) strikes, (8) freight embargoes, and; (9) unusually severe weather. Defaults by subcontractors at any tier for any reason do not constitute causes beyond the control and without the fault or negligence of the Contractor

(d) If this contract is terminated for default, the NAFI may require the Contractor to transfer title and deliver to the NAFI as directed by the Contracting Officer, any

(1) completed supplies, and

(2) partially completed supplies and materials, parts, tool dies, jigs, fixtures, plans, drawings, information, and contract rights (collectively referred to as manufacturing materials in the clause) that the Contractor has specifically produced or acquired for the terminated portion of this contract. Upon direction of the Contracting Officer, the Contractor shall also protect and preserve property in its possession in which the NAFI has an interest.

(e) The NAFI shall pay the contract price for completed supplies delivered and accepted. The Contractor and Contracting Officer shall agree on the amount of payment for manufacturing materials delivered and accepted and for the protection and preservation of the property. Failure to agree will be a dispute under the Disputes Clause. The NAFI may withhold from these amounts any sum the Contracting Officer determines to be necessary to protect the NAFI against loss because of outstanding liens or claims of former lien holders.

(f) If, after termination, it is determined that the Contractor was not in default, or that the default was excusable, the rights and obligations of the parties shall be the same as if the termination had been issued for convenience of the NAFI.

(g) The rights and remedies of the NAFI in this clause are in addition to any other rights and remedies provided by law or under this contract.

10. INSPECTION AND ACCEPTANCE (1989 DEC) - Inspection and acceptance will be at destination, unless otherwise provided in this contract. Notwithstanding the requirements for any NAFI inspection and test contained in specifications applicable to this contract, except where specialized inspections or tests are specified for performance solely by the NAFI, the Contractor, shall perform or have performed the inspections and tests required to substantiate that the supplies provided under the contract conform to the drawings, specifications, and contract requirements listed herein, including if applicable the technical requirements for the manufacturers' part numbers specified herein.

11. VARIATION IN QUANTITY (1973 JUL) - No variation in quantity of any item called for by this contract will be accepted unless authorized by the Contracting Officer.

12. PAYMENTS (1989 SEP) - Unless otherwise specified, payment will be made on partial deliveries accepted by the NAFI. Payments and penalties for late payments are subject to the requirements established by the *Prompt Payment Act*, as amended, and as implemented for NAFI's. If the NAFI makes payment but such payment fails to include a prompt payment penalty due to the Contractor within 10 days from when the contract payment is made, penalty amounts will not be paid unless the Contractor makes a written request within forty days after the date of payment.

13. HOLD AND SAVE HARMLESS (1973 JUL) - The Contractor shall indemnify, save harmless, and defend the NAFI, its outlets and customers from any liability, claimed or established for violation or infringement of any patent, copyright, or trademark right asserted by any third party with respect to goods hereby ordered or any part thereof. Contractor further agrees to hold the NAFI harmless from all claims or judgments for damages resulting from the use of products listed in this contract, except for such claims or damages caused by, or resulting from negligence of NAFI customers, employees, agents, or representatives. Also, Contractor shall at all times hold and save harmless the NAFI, its agents, representatives, and employees from any and all suits, claims, charges, and expenses which arise out of acts or omissions of Contractor, its agents, representatives, or employees.

14. MODIFICATIONS (1975 JAN) - No agreement or understanding to modify this contract will be binding upon the NAFI unless made in writing and signed by a Contracting Officer from the office that issued the contract or its successor.

15. TAXES (1987 SEP) -

a. Except as may be otherwise provided in this contract, the contract price includes all taxes, duties or other public charges in effect and applicable to this contract on the contract date, except any tax, duty, or other public charge, which by law, regulation or governmental agreement, is not applicable to expenditures made by the NAFI or on its behalf; or any tax, duty, or other public charge from which the Contractor, or any subcontractor hereunder, is exempt by law, regulation or otherwise. If any such tax, duty, or other public charge has been included in the contract price, through error or otherwise, the contract price shall be correspondingly reduced.

b. If for any reason, after the contract date of execution, the Contractor or subcontractor is relieved in whole or in part from the payment or the burden of any tax, duty, or other public charge included in the contract price, the contract price shall be correspondingly reduced; or if the Contractor or subcontractor is required to pay in whole or in part any tax, duty, or other public charge which was not applicable at the contract date of execution the contract price shall be correspondingly increased.

16. PROOF OF SHIPMENT (1987 OCT) - (Applicable to shipments outside the United States through the Defense Transportation System [DTS] and Parcel Post shipments to overseas destinations.)

a. Notwithstanding any clause of this contract to the contrary, payment will be made for items not yet received, upon receipt of an invoice accompanied by an appropriate proof of shipment. If shipment is made by insured parcel post, the contractor must furnish a copy of the Insured Mail Receipt issued by the US Postal Service. Otherwise, a stamped copy of a Certificate of Mailing issued by the US Postal Service must be furnished. If shipment is made by a common carrier (rail, air or motor freight), the Contractor must furnish a signed copy of the shipping document on which items are receipted for by the common carrier. A signed receipt by a NAFI representative at the delivery point (CCP or POE) is also acceptable evidence of proof of shipment.

b. Forwarding a proof of shipment and an invoice for payment by the Contractor shall be construed as a certification by the contractor that the items shipped conform to the specifications.

c. Notwithstanding any provisions of this clause or any payment made pursuant to the terms of this clause prior to receipt of the items contracted for, the NAFI retains the right to inspect upon receipt and the right to reject nonconforming items. The liability of the Contractor with respect to items for which payments have been made will, after inspection by the NAFI or after the expiration of a reasonable time following delivery to the NAFI within which inspection may be made, whichever occurs first, be limited to (i) exceptions taken at the time of inspection, and (ii) latent defects, fraud, or such gross mistakes as amount to fraud.

17. COMMERCIAL WARRANTY (1978 DEC) - The Contractor agrees that the supplies or services furnished under this contract shall be covered by the most favorable commercial warranties the Contractor gives to any customer for such supplies or services and that the rights and remedies provided herein are in addition to and do not limit any rights afforded to the NAFI by any other clause of this contract. The printed terms and conditions of such warranty will be provided to the NAFI with the delivery of any supplies covered.

18. ADVERTISEMENTS (1973 JUL) - Contractor agrees that none of its nor its agent's advertisements, to include publications, merchandise, promotions, coupons, sweepstakes, contest, sales brochures, etc, shall state, infer or imply that the Contractor's products or services are approved, promoted, or indorsed by the NAFI. Any advertisement, including cents-off coupons, which refers to a NAFI will contain a statement that the advertisement is neither paid for, nor sponsored in whole or in part by, the particular activity.

19. DISCOUNTS FOR PROMPT PAYMENT (1987 SEP) -

a. Discounts for prompt payment will not be considered in the evaluation of offers. However, any offered discount will form a part of the award, and will be taken if payment is made within the discount period indicated in the offer by the offeror. As an alternative to offering a prompt payment discount in conjunction with the offer, offerors awarded contracts may include prompt payment discounts on individual invoices.

b. In connection with any discount offered for prompt payment, time shall be computed from (1) the date of completion of performance of the services or delivery of the supplies to the carrier if acceptance is at point of origin, or date of delivery at destination or port of embarkation if delivery and acceptance are at either of these points, or (2) the date a proper invoice or voucher is received in the office specified by the NAFI, if the latter is later than date of performance or delivery. For the purpose of computing the discount earned, payment shall be considered to have been made on the date which appears on the payment check or the date on which a wire transfer was made.

20. INVOICES (1989 SEP):

a. An invoice is a written request for payment under the contract for supplies delivered or for services rendered. In order to be proper, an invoice should include (and in order to support the payment of interest penalties, must include) the following:

(i) Invoice date;

(ii) Name of Contractor;

(iii) Contract number (including order number, if any), contract line item number, contract description of supplies or services, quantity, contract unit of measure and unit price, and extended total;

(iv) Shipment number and date of shipment (Bill of Lading number and weight of shipment will be shown for shipments on Government Bills of Lading)

(v) Name and address to which payment is to be sent (which must be the same as that in the contract or on a proper notice of assignment);

(vi) Name (where practicable), title, phone number and mailing address of person to be notified in event of a defective invoice; and

(vii) Any other information or documentation required by other provisions of the contract (such as evidence of shipment). Invoices shall be prepared and submitted in duplicate (one copy shall be marked Original") unless otherwise specified.

b. For purposes of determining if interest begins to accrue under the PROMPT PAYMENT ACT (PUBLIC LAW 97-177):

(i) A proper invoice will be deemed to have been received when it is received by the office designated in the contract for receipt of invoices and acceptance of the supplies delivered or services rendered has occurred.

(ii) Payment shall be considered made on the date on which a check for such payment is dated.

(iii) Payment terms (e.g. "Net 20") offered by the contractor will not be deemed Required payment dates.

(iv) The following periods of time will not be included:

(A) After receipt of improper invoice and prior to notice of any defect or impropriety, but not to exceed three days for meat and meat food products, five days for perishable agricultural commodities, and 15 days in all other cases, and

(B) Between the date of a notice of any defect or impropriety and the date a proper invoice is received. When the notice is in writing, it shall be considered made on the date shown on the notice."

21. NOTIFICATION OF DEBARMENT/SUSPENSION STATUS (JUN 1985) The Contractor shall provide immediate notice to the Contracting Officer in the event of being suspended debarred or declared ineligible by any other Federal Department or agency, or upon receipt of a notice of proposed debarment from another DOD Agency, during the performance of this contract.

22. INTEGRITY OF UNIT PRICES (SEP 1987):

a. Any proposal submitted for the negotiation of prices for items of supplies shall distribute costs within contracts on a basis that ensures that unit prices are in proportion to the items' base cost (e.g., manufacturing or acquisition costs). Any method of distributing costs to line items that distorts unit prices shall not be used. For example, distributing costs equally among line items is not acceptable except when there is little or no variation in base cost. Nothing in this paragraph requires submission of cost or pricing data not otherwise required by law or regulation.

b. The requirement in paragraph (a) of this clause does not apply to any Department of Defense (DOD) and National Aeronautics and Space Administration (NASA) contract or subcontract item of supply for which the unit price is, or is based on, an established catalog or market price for a commercial item sold in substantial quantities to the general public. A price is based on a catalog or market price only if the item being purchased is sufficiently similar to the catalog or market price commercial item to ensure that any difference in price can be identified and justified without resort to cost analysis.

c. The Offeror/Contractor shall also identify those supplies which it will not manufacture or to which it will not contribute significant value when requested by the Contracting Officer. However, for DOD and NASA contracts, the information shall not be required for commercial items sold in substantial quantities to the general public when the price is, or is based on, established catalog or market prices.

d. The Contractor shall insert the substance of this clause, less paragraph (c), in all subcontracts.

23. SOLICITATION DEFINITIONS (JUL 1987) "Offer" means "Proposal" in negotiation. "Solicitation" means a request for proposals (RFP) or a request for quotations (RFQ) in negotiation. "Government" means United States Government. (End of provision)

24. ACCEPTANCE (1989 SEP) - Acceptance of the supplies or services or a written notice of rejection must be accomplished on or before the fifth working day following delivery of the supplies or services. Unless otherwise specified in this contract.

25. NON-WAIVER OF DEFAULTS (1987 SEP) - Any failure by the NAFI at any time, or from time to time, to enforce or require strict performance of any terms or conditions of this contract will not constitute waiver thereof and will not affect or impair such terms or conditions in any way or the NAFI's right at any time to avail itself of such remedies as it may have for any breach or breaches of such terms and conditions.

#### **LIST OF FAR CLAUSES INCORPORATED BY REFERENCE**

The provisions of the following clauses set forth in the Federal Acquisition Regulation (FAR) or DOD FAR Supplement are hereby incorporated into this order or contract by reference with the same force and effect as though herein set forth in full. As used in the following clauses, the term "Government" is deleted and the abbreviation "NAFI" is substituted in lieu thereof. The date of each clause shall be the current date set forth in FAR or DOD FAR Supplement on the issuance date of this order or contract. Clauses made inapplicable by the reference or by the kind of order or contract (e.g. orders or contract for services instead of supplies) are self deleting. The complete text of any clause incorporated in this order or contract by reference may be obtained from the Contracting Officer.

#### **CLAUSE**

<b>NO.</b>	<b>REFERENCE</b>	<b>CLAUSE TITLE</b>
26	52.243-1	Changes - Fixed-Price
27	52.232-11	Extras
28	52.246-16	Responsibility for Supplies
29	52.225-11	Restrictions on Certain Foreign Purchases
30	52.222-4	Contract Work Hours and Safety Standards Act - Overtime Compensation



31	52.222-20	Walsh-Healy Public Contracts Act
32	52.222-26	Equal Opportunity
33	52.203-1	Officials not to Benefit
34	52.203-5	Covenant Against Contingent Fees
35	52.222-35	Affirmative Action forSpecial Disabled and Vietnam Era Veterans
36	52.222-36	Affirmative Action for Handicapped Workers
37	52.223-2	Clean Air and Water
*38	52.225-7001	Buy American Act and Balance of Payments Program

(NOTE: The 25% differential specified in DOD 7060.3, paragraph Dlc(3), shall be used for evaluation in lieu of the 50% differential prescribed in FAR, Part 25.)

39	52.222-3	Convict Labor
40	52.247-52	Clearance and Documentation Requirements - Shipments to DOD Air or Water Terminal Transshipment Points
*41	52.225-7002	Qualifying Country Sources as Subcontractors
42	52.203-7	Anti-Kickback Procedures
*43	52.203-7001	Special Prohibition on Employment
44	52.203-10	Price or Fee Adjustment for Illegal or Improper Activity

- |    |           |  |
|----|-----------|--|
| 45 | 52.203-11 | Certification any Disclosure Regarding Payments to<br>Influence Certain Federal Transactions (Included if<br>contract is expected to exceed \$100,000) |
| 46 | 52-203-12 | Limitation on Payments to Influence Certain Federal<br>Transactions (Included if contract is expected to<br>exceed \$100,000)                          |
| 47 | 52-203-13 | Procurement Integrity -Service Contracting   |

**\*Denotes DOD FAR Supplement**

#### **ADDITIONAL GENERAL PROVISIONS FOR SERVICES**

- |    |           |  |
|----|-----------|--|
| 48 | 52.222.40 | Service Contract Act of 1965 -<br>Contracts of \$2,500 or Less |
| 49 | 52.222.41 | Service Contract Act of 1965                                   |
| 50 | 52.243.1  | Changes - Fixed Price (Alternate<br>I or II, as appropriate)   |
| 51 | 52.246.4  | Inspection of Services - Fixed Price                           |

The above clauses take precedence over any other terms or conditions of this contract. Nothing in this contract may conflict with these terms and conditions.

#### **PART II OPTIONAL CLAUSES**

Optional Contract Clauses. Use these provisions in contracts pursuant to the following guidance:

1. Option to extend the term of the contract clause. A clause substantially as follows may be used when it is intended to extend the terms described in the schedule. The schedule must provide for testing the market or contain an economic price adjustment provision. A reasonableness of price determination must be documented by the Contracting Officer as a result of testing the market, before the period of performance is extended.

"OPTION TO EXTEND THE TERM OF THE CONTRACT (JAN 1983). This contract is renewable at the option of the NAFI, by the Contracting Officer giving written notice of renewal to the contractor within the period specified in the schedule; provided, that the Contracting Officer shall have given preliminary notice of the NAFI's intention to renew at least sixty (60) days before this contract is to expire. (Such a preliminary notice will not be deemed to commit the NAFI to renewal.) If the NAFI exercises this option for renewal, the contract as renewed shall be deemed to include this option provision. However, the total duration of this contract, including the exercise of any options under this clause, shall not exceed 10 years. Any price changes for the option period(s) will be negotiated before the time the option is exercised.

2. Evaluation of Quotes or Offers for Multiple Awards Clause. Insert the following clause in solicitations when the contracting officer determines that multiple awards would be economically advantageous to the NAFI.

"EVALUATION OF QUOTES OR OFFERS FOR MULTIPLE AWARDS (1986 DEC). In addition to other factors, quotes and offers will be evaluated on the basis of advantages and disadvantages to the NAFI that might result from making more than one award (multiple awards). It is assumed, for the purpose of evaluating quotes (\$100.00 for a purchase order) or offers (\$500.00 for a contract) would be the administrative cost to the NAFI for issuing and administering multiple awards under this solicitation. Individual awards will be made for the items or combinations of items that result in the lowest aggregate cost to the NAFI, including the assumed administrative costs."

3. Notice to Supplier. Insert the following clause in all Unpriced Purchase Orders (See paragraph 11.1.11).

NOTICE TO SUPPLIER (1984 APR). This is a firm order ONLY if your price does not exceed the maximum line item or total price in the schedule. Submit invoices to the Contracting Officer. If you cannot perform in exact accordance with this order, WITHHOLD PERFORMANCE and notify the Contracting Officer immediately, giving your quotation.

4. When any material listed in AFR 67-23, Attachment 3, is purchased, the clause at FAR 52.223-3, entitled "*Hazardous Material Identification and Material Safety Data*," shall be included in the order or contract.

## Attachment 17

## NAF CONTRACTING OFFICER TRAINING AND AUTHORITY

*Section A17A—Training*

**A17.1.** A NAF contracting officer warrant is required for contracting authority. Personnel must complete certain mandatory contracting courses to qualify for a contracting officer warrant. The procedures for requesting a contracting officer warrant and the mandatory requirements to qualify for a warrant will be as follows:

A17.1.1. The MWRS Squadron commander or designee (immediate supervisor) recommends and provide complete justification for the appointment of a NAF contracting officer, when it has been determined that the appointment is in the best interest of the NAFI. The determination as to who will become a contracting officer will be made by the MWRS Squadron commander. The NAFRMC, a highly qualified purchasing agent, the business activity manager, any other NAF employee, or a person hired specifically for the job may be selected to be a NAF contracting officer. That person must have some business judgement and skills. The request for appointment must be submitted in writing and must include:

A17.1.2. The person's name, grade, and duty address.

A17.1.3. Documentation concerning the completion of course requirements.

A17.1.4. A written certification by the supervisor of the individual's qualifications relating to specific factors such as decision-making ability, business acumen and confidence-inspiring qualities, the ability to communicate, ability to deal with others effectively, ability to expeditiously accomplish assignments, knowledge of this instruction and other applicable acquisition regulations.

**A17.2.** The request for appointment and all related paperwork must be forwarded to the applicable MAJCOM for review and approval before being forwarded to AFNAFPO.

**A17.3.** Warrants for Contracting officers are issued and monitored by AFNAFPO. Each warrant includes the individual's name, period of appointment, and contracting officer limitations of authority. Appointments specifically define the scope of the contracting officer's authority in respect to dollar limitations and types of contracts. The limitation of the warrant is commensurate with the training experience and recommendation for warrant. These limits shall not be exceeded. The execution of a contract entered on behalf of the NAFI, exceeding the authority and limitations stated in the contracting officer's warrant, may result in a void document and, under some circumstances, result in personal liability for the individual signing the contract (See ratification actions.) Procurements over the warrant limitations of the base level NAF contracting officer will be accomplished by an AFNAFPO contracting officer or by the servicing contracting office.

**A17.4.** NAF contracting officers are appointed in a warrant stating any limitations with the original mailed to the individual designated. A copy is sent to the MAJCOM. AFNAFPO maintains a file of all contracting officer appointments that have not been terminated. Appointments are reviewed annually by the MWRS squadron commander, to determine whether the contracting officer has maintained profes-

sional proficiency and otherwise remains qualified. The MWRS squadron commander will notify AFNAFPO when an appointment is to be terminated.

**A17.5.** To qualify for a \$5,000 NAF contracting officer warrant for open market purchase of supplies, the individual must have at least one year of MWRS experience or one year of contracting experience either with the government or industry engaged in performing government contracts, and meet the following education requirements; the AFNAF NAF Purchasing Course and the AFNAF NAF Small Purchase Course.

**A17.6.** To qualify for a \$25,000 NAF contracting officer warrant for open market purchase of supplies, the above minimum experience requirements must be met, completion of the AFNAF Purchasing Course, the AFNAF NAF Small Purchase Course, and completion of at least two of the following courses: NOTE: With this warrant the NAF contracting officer has all of the authorities listed in section 1 of this attachment, plus the open market purchasing authority for supplies is increased to \$25,000. The authority for purchase of open market services (including Construction) is not increased.

- Contract Negotiation or Negotiation Techniques
- Contract Administration
- Introduction to Contracting or Basic Federal Contracting
- Contracting Specialist
- Army NAF Advanced Contracting Course
- Services Contracting
- Administration of Cost Reimbursement Contracts
- Incentive Contracts
- Management of Defense Acquisition Contracts or Defense Acquisition Contracts
- Contract Law
- Cost and Price Analysis

**A17.7.** Except for the AFNAF Purchasing Course and the AFNAF Small Purchase Course, the courses listed above are intended to be generic and are not restricted to a specific school or source, i.e., a Small Purchase course or any other course listed which is taken through any source such as ECI, AFIT, a Tech Training school, a university, Army, Navy, or a commercial firm is acceptable. Further, the courses that are mandatory for appropriated fund personnel, are not mandatory for NAF contracting officer warrants. Several correspondence courses are included to accommodate those organizations with limited TDY funds. Also, it may be possible to substitute similar courses for the ones listed. DODD 5000.52 lists most procurement courses and their college or industry equivalents. Determinations of course equivalency will be made by AFNAFPO when requested in writing. Certain requirements such as grade, experience, or education may be waived if it is determined to be in the best interest of the NAFI, and the individual is determined to be otherwise qualified. Requests for exception of the experience or educational requirements are sent to AFNAFPO in writing.

## **NAF CONTRACTING OFFICER TRAINING AND AUTHORITY**

*Section A17B—Authority***A17.8. CONTRACTING OFFICER AUTHORITY.**

\$500 Limit	\$2,000 Limit	\$2,500 Limit	\$5,000 Limit	Unlimited	Unlimited Con'd
1. Petty Cash (imprest funds). Petty cash cannot be used to pay for wages. Petty Cash cannot be used for entertainment, wages, individual services and to buy fixed assets (capital investment NAF property). NAFIs as defined in AFI 34-201, located at remote or isolated sites may use petty cash to pay for entertainment, individual services and fixed assets. Controls are established by the NAFRMFC to ensure fixed assets are picked up on property records.	1. Construction services within the USA.	1. Nonpersonal services within the USA.2. Concessionaire services within the USA.3. Training services within the USA.4. Nonresale supplies, without competition including used, reconditioned or trade-ins, other than aircraft and engines.5. Lease agreements of equipment, without competition.	1. Construction contact outside the USA.2. Nonpersonal services outside the USA.3. Concessionaire services outside the USA.4. Training services outside the USA.5. Nonresale supplies with competition. Includes reconditioned or trade-ins, other than aircraft and engines.6. Lease agreements of equipment, with competition.	1. Resale items.2. Items purchased to be given as prizes, such as door prizes, bingo prizes, etc.3. Buys from government agencies.4. Commissary.5. Exchanges.6. Stars & Stripes.7. Bookstore.8. Emergency purchase for aero club aircraft repairs.9. Transportation costs for shipment of supplies.10. Direct buys from post office; savings bonds; bus; trains, and airplane tickets; entry fees; lodging; food; etc. in support of services tournaments and workshops.11. Aircraft lease agreements.	12. Flight and ground instructor contract.13. Individual services contract (see para 13.4).14. Concessionaire contract for commodities. Concessionaire contracts for an open house fall under this category.15. Consignment contracts.16. Charter light and tour desk concessionaire contract.17. Credit card contract.18. Merchant agreement.19. Ticket consignment agreement and other contracts and orders for events and tours.10. Delivery orders, no reasonableness of price is required.21. Entertainment

1. NAF contracting officers having a \$5,000 contracting officer warrant have all of the authority listed above.

2. NAF contracting officers having a \$25,000 contracting officer warrant have all of the authority listed above, plus \$25,000 for open market supplies only.



**Attachment 18****TWENTY COMMON LAW FACTORS IN INDIVIDUAL SERVICE CONTRACTS**

**A18.1. INSTRUCTIONS:** A worker who is required to comply with other persons' instructions about when, where, and how he or she is to work is ordinarily an employee. This control factor is present if the person or persons for whom the services are performed have the right to require compliance with instructions.

**A18.2. TRAINING:** Training the worker by requiring an experienced employee to work with the worker, by corresponding with the worker, by requiring the worker to attend meetings, or by using other methods, indicates that the person or persons for whom the services are performed want the services performed in a particular method or manner.

**A18.3. INTEGRATION:** Integration of the worker's services into the overall business operations generally shows that the worker is subject to direction and control. When the success or continuation of a business depends to an appreciable degree upon the performance of certain services, the workers who perform those services must necessarily be subject to a certain amount of control by the owner of the business.

**A18.4. SERVICES RENDERED PERSONALLY:** If the services must be rendered personally, presumably the person or persons for whom the services are performed are interested in the methods used to accomplish the work as well as in the results, and the control factor is satisfied.

**A18.5. CONTINUING RELATIONSHIP:** A continuing and regular relationship between the worker and the person or persons for whom the services are performed indicates that an employer/employee relationship exists. A continuing and regular basis may exist where work is performed at frequently recurring although irregular intervals.

**A18.6. SET HOURS OF WORK:** The establishment of set hours of work by the person or persons for whom the services are performed is a factor indicating and showing necessary control.

**A18.7. DOING WORK ON EMPLOYER'S PREMISES:** If the work is performed on the premises of the person or persons for whom the services are being performed, that factor suggests control over the worker, especially if the work could be done elsewhere. Work done off the premise of the person or persons receiving the services, such as at the office of the worker, indicates some freedom from control. However, this fact by itself does not mean that the worker is not an employee. The importance of this factor depends on the nature of the service involved and the extent to which an employer generally would require that employees perform such services on the employer's premises. Control over the place of work is indicated when the person or persons for whom the services are performed have the right to compel the worker to travel a designated route, to canvas a territory within a certain time, or to work at specific places as required.

**A18.8. ORDER OR SEQUENCE SET:** If a worker must perform services in the order or sequence set by the person or persons for whom the services are performed, that factor shows that the worker is not free to follow the worker's own pattern of work but must follow the established routines and schedules of the per-

son or persons for whom the services are performed. Often, because of the nature of an occupation, the person or persons for whom the services are performed do not set the order of the services or set the order infrequently. It is sufficient to show control, however, if such person or persons retain the right to do so.

**A18.9. ORAL OR WRITTEN REPORTS:** A requirement that the worker submit regular or written reports to the person or persons for whom the services are performed indicates a degree of control appropriate for an employee .

**A18.10. PAYMENT OF BUSINESS and/or TRAVELING EXPENSES:** If the person or persons for whom the services are performed ordinarily pay the worker's business and/or traveling expenses, the worker is ordinarily an employee. An employer, to be able to control expenses, generally retains the right to regulate and direct the worker's business activities

**A18.11. FURNISHING OF TOOLS AND MATERIALS:** The fact that the person or persons for whom the services are performed furnish significant tools, materials, and other equipment tends to show the existence of an employer/employee relationship.

**A18.12. RIGHT TO DISCHARGE:** The right to discharge a worker is a factor indicating that the worker is an employee and the person possessing the right is an employer. An employer exercises control through the threat of dismissal, which causes the worker to obey the employer's instructions. An independent contractor, on the other hand, cannot be fired so long as the independent contractor produces a result that meets the contract specifications.

**A18.13. RIGHT TO TERMINATE:** If the worker has the right to end his or her relationship with the person for whom the services are performed at any time he or she wishes without incurring liability, that factor indicates an employer/employee relationship.

**A18.14. SIGNIFICANT INVESTMENT:** If the worker invests in facilities that are used by the worker in performing services and are not typically maintained by employees (such as the maintenance of an office rented at fair value from a related party), that factor tends to indicate that the worker is an independent contractor. On the other hand, lack of investment in facilities indicates dependence on the person or persons for whom the services are performed for such facilities and accordingly, the existence of an employer/employee relationship. Special scrutiny is required with respect to certain types of facilities such as home offices.

**A18.15. REALIZATION OF PROFIT OR LOSS:** A worker who can realize a profit or suffer a loss as a result of the worker's services (in addition to the profit or loss ordinarily realized by employees) is generally an independent contractor, but the worker who cannot is an employee. For example, if the worker is subject to a real risk of economic loss due to significant investments or a bona fide liability for expenses, such as salary payments to unrelated employees, that factor indicates that the worker is an independent contractor. The risk that the worker will not receive payment for his or her services, however, is common to both independent contractors and employees and thus does not constitute a sufficient economic risk to support treatment as an independent contractor.

**A18.16. WORKING FOR MORE THAN ONE FIRM AT A TIME:** If a worker performs more than minimal services for a multiple of unrelated persons or firms at the same time, that factor generally indicates that the worker is an independent contractor. However, a worker who performs services for more than one person may be an employee of each of the persons, especially where such persons are part of the same service arrangement.

**A18.17. MAKING SERVICES AVAILABLE TO GENERAL PUBLIC:** The fact that a worker makes his or her services available to the general public on a regular and consistent basis indicates an independent contractor relationship.

**A18.18. HIRING SUPERVISING, and PAYING ASSISTANTS:** If the person or persons for whom the services are performed hire, supervise, and pay assistants, that factor generally shows control over the workers on the job. However, if one worker hires, supervises, and pays the other assistants pursuant to a contract under which the worker is responsible only for the attainment of a result, this factor indicates an independent contractor status.

**A18.19. FULL TIME REQUIRED:** If the worker must devote substantially full time to the business of the person or persons for whom the services are performed, such person or persons have control over the amount of time the worker spends working and thereby restricts the worker from doing other gainful work. An independent contractor, on the other hand, is free to work when and for whom he or she chooses.

**A18.20. PAYMENT BY HOUR, WEEK, MONTH:** Payment by the hour, week, or month generally points to an employer/employee relationship, provided that this method of payment is not just a convenient way of paying a lump sum agreed upon as the cost of a job. Payment made by the job or on a straight commission generally indicates that the worker is an independent contractor.